

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Why Vancouver has a spring in its step, Page 24

Table with exchange rates for various countries including Austria, Belgium, Canada, Denmark, etc.

World News

Fresh talks could lead to departure of Noriega

Panama's military leader Manuel Antonio Noriega has agreed to send an emissary to a meeting with Central American leaders...

Gephardt drops out of presidential race

Congressman Richard Gephardt, who won early victories in his Democratic presidential bid...

Israel to aid Iran probe

After more than a year of negotiations, Israel and the US negotiators investigating the Iran-contras scandal announced they had signed an agreement covering Israel's co-operation in the probe.

Honduras withdrawal

The US began withdrawing combat troops sent to Honduras earlier this month because of an alleged Nicaraguan invasion...

Floods hit W Germany

Non-stop rain and melting snow swelled rivers and flooded communities throughout West Germany...

Spy suspects held

West German security services detained six men on suspicion of spying for the KGB, the Soviet secret service...

South African raid

South African soldiers crossed into Botswana and killed four alleged ANC guerrillas in a house in Gaborone...

Belgian coalition talks

Flemish Christian Democrat politician Jean-Luc Dehaene, said formally by King Baudouin at the weekend to form a Belgian Government...

Portuguese stoppage

Portuguese unions held the biggest general strike in the country's history in protest against government plans to liberalise night labour laws...

France moves N-tests

France said it would move some of its nuclear tests from the South Pacific island of Mururoa to a nearby island to guard against possible radioactive leaks.

Gaddafi pledges pull-out

Libyan leader Muammar Gaddafi announced he would withdraw all Libyan forces from the Egyptian border and said he had no intention of using force against his neighbour.

Vanunu appeals

Former nuclear technician Mordechai Vanunu appealed to Israel's Supreme Court against an 18-year prison sentence for treason and espionage...

Modigliani sold for £4m

An anonymous telephone bidder paid more than £4m (\$7.4m) for a painting by Modigliani, a record price for the artist...

Business Summary

Trump pays \$400m for New York's Plaza Hotel

THE PLAZA HOTEL, one of New York's most famous landmarks, has been sold for nearly \$400 million to Donald Trump...

BARCLAYS BANK SA, French subsidiary of the UK clearing bank, reported heavy losses for 1987...

NICKEL prices continued to set records on the London Metal Exchange. The rapid price rise is forcing stainless steel producers...

WALL STREET: At 11pm the Dow Jones industrial average was down 8.32 at 1975.63...

TOKYO: Investors shrugged off the yen's renewed rise against the dollar and stepped up buying of large-capital stocks...

LONDON: Preoccupation with Wall Street and concern over the dollar kept leading investment funds out of the London market...

DOLLAR closed in London at DM1.6610 (DM1.6765); FF75.6275 (FF75.6830); SF17.5705 (SF17.5860); and Y124.15 (Y125.50)...

STERLING closed in London at \$1.8590; DM3.0675 (DM3.0775); FF110.4625 (FF110.4400); SF12.5475 (SF12.5450); and Y290.75 (Y290.00)...

NEWS CORPORATION, Rupert Murdoch's master company, has been refused a listing on the Tokyo Stock Exchange...

VOLKSWAGEN, West German motor group's issue of nearly 5m shares closed oversubscribed as the share price followed the market down to close barely above the offer price of DM258...

BCE, former Bell Canada Enterprises, struck a deal with Rochester, Ottawa entrepreneur, which will give his Kinburna Corporation, management holding company, a C\$263m (US\$212m) cash injection and interests in two companies...

GULF CANADA Resources, large Canadian energy group, has sweetened its bid for Asamera, apparently winning control of the Calgary energy production and exploration concern...

CHICAGO Mercantile Exchange set permanent price limits on its Standard & Poor's 500 stock index futures contract as part of the continuing effort to calm volatility following October's stock market crash...

VARITY, Canadian firm equipment manufacturer, reported highest operating earnings since 1976...

VALEO, French motor components group, returned to the black last year with net profits of FF960m (\$63.8m), after a loss of FF900m in 1986...

GLAVERBEL, Belgian glass manufacturer, which recently took a 30 per cent stake in AFG Industries of the US, unveiled a near four-fold increase in net profits for 1987...

Azerbaijan strikes hit wider Soviet economy

A WIDESPREAD strike in the disputed region of Nagorno-Karabakh, practically shut down industry and halted rail transport to other parts of the Soviet Union as the largely Armenian population pressed its demands for reunification with Soviet Armenia...

Israel seals off Gaza and West Bank amid general strike fears

ISRAELI last night sealed off the occupied West Bank and Gaza Strip for three days in an unprecedented move aimed at dampening widespread demonstrations expected to take place tomorrow...



A Franciscan priest appeals to an Israeli soldier on the West Bank after troops fired on Palestinians attacking a police station.

China's old guard wakes up to voice of democracy

VOICES of dissent echoed around the Great Hall of the People yesterday as the Chinese Communist Party encouraged delegates to the country's parliament, the National People's Congress...

Taiwan to raise gold purchases

TAIWAN seems set to become the largest buyer of gold in Asia, bullion dealers believe, after the lifting in November of long-standing government restrictions on private trading in the metal...

Table with financial data including Europe, Americas, Overseas, World Trade, Britain, Companies, and Stock markets.

Advertisement for CHIRAC GOES IN THE FARM VOTE. Text: France's Prime Minister puts the emphasis on agriculture in his quest for presidency, Page 3.

Advertisement for CHIRAC GOES IN THE FARM VOTE. Text: New Delhi: Party leaders unite to oppose Gandhi; New York: Worries on cocaine threaten to curtail OFCs; Management: A neglected discipline comes into its own; Margara: A Swedish forest on the move to market; Editorial comment: Competition and labour, A trade pact under fire; Foreign Affairs: Constructing a cage for South Africa; Lex: Markets, oil prices, Standard Chartered, Stetley; Technology: UK water clocks on for tariff experiment.

Large advertisement for AIR FRANCE: CUTTING A DASH TO PARIS: FROM THE HEART OF LONDON. Includes a picture of a man running and a map of flight routes.

Airbus managers face cost control shake-up

PROPOSALS for tighter and more effective management of the Airbus Industrie consortium are to be made in a report due to be submitted soon to the governments of the four countries involved in the project.

UK Bank Governor testifies on sterling

British central bank Governor Robin Leigh-Pemberton yesterday said that the British authorities' aim was to promote exchange-rate stability as long as it was compatible with efforts to hold down inflation.

Dollar Sterling against the D-Mark

One consequence of tighter cost disciplines could be to increase pressure for more of Airbus manufacturing to be put out to competitive tender by sub-contractors who are not partners in the project.

London City Airport provides the base for an exclusive partnership Brymon Airways, an experienced operator of short take-off and landing De Havilland Dash 7 aircraft and Air France, offering the efficiency and convenience of Terminal 2 at Charles de Gaulle Airport...

EUROPEAN NEWS

Dehaene pursues chimera of Belgian coalition

BY DAVID BUCHAN IN BRUSSELS

MR JEAN-LUC DEHAENE, the Flemish Christian Democrat politician asked formally by King Baudouin at the weekend to form a Belgian Government, will complete his first round of talks today with leaders of the five parties he hopes to join in a coalition. But even if he succeeds in negotiating a compromise solution to the key linguistic disputes between the country's Flemish and French-speakers, Mr Dehaene is not expected to be able to announce a Government before the second half of April. Mr Dehaene, the 47-year-old Social Affairs Minister in the outgoing Government of Mr Wilfried Martens, will seek to build on the past two months of discussions he has held with the five parties - his own Flemish Christian Democrats, the French-speaking Christian Democrats, the Socialist parties from the country's two linguistic regions and the Volksunie (VU) Flemish nationalists. In his role as informant to the King, Mr Dehaene was able to report basic accord among the five parties on economic policy, but not on current linguistic disputes nor on constitutional reform devolving more power to Flanders, French-speaking Wallonia and the linguistically mixed capital of Brussels. But since all five parties wanted to continue their "pentapartite" negotiations with Mr Dehaene, the King has now given him the added authority of *formateur*. Distaste This makes it highly likely - though few things are certain in Belgian politics - Mr Dehaene will head a centre-left Government, taking over from his party, colleague and patron, Mr Martens. The latter presided over six years of centre-right government, brought to an end by elections last December which produced Socialist gains. Mr Martens has made no secret of his distaste for coalition with the Socialists and his preference for continuing in tandem with the right-wing Liberals, the one major political grouping outside the current coalition. Belying his "bulldozer" reputation, the burly Mr Dehaene has

Bridget Bloom on the French tendency towards representing farm policies as a national triumph Chirac goes for the agricultural vote

WITHIN DAYS of Mr Jacques Chirac, the French Prime Minister, agreeing last month to some of the toughest cuts in Europe's farm subsidies yet seen, the French ministry of agriculture published a splendidly glossy brochure extolling his government's contribution over the past two years to the well-being of French agriculture. It is, as everyone knows, election time in France, and M. Chirac is a principal conservative candidate for the Presidency. In addition, most European Community prime ministers and certainly all agriculture ministers, fight their farmers' corner in negotiations in Brussels, and extol their contribution afterwards. Yet the French tendency to present the reform of farm policies as a triumph is important to understanding France's attitude to the much disputed common agricultural policy. As a senior French official put it in Paris earlier this month, France has recognised for some time now that reform of the highly expensive Common Agricultural Policy (CAP) is vital. It has become a net contributor to the EC budget, and realises that its big arable producers, in particular, are competitive.

whittling it away, France has just over 7 per cent of its active working population, or 1.5m people in agriculture - against around 2 per cent for Germany and the UK. The French government has good reasons for wanting to present the consequences of farm reform in the best possible light. There are different views on how tough the specific measures agreed at last month's Brussels summit will be but it is now clear, if it was not in 1984 when the EC reform process began with the introduction of milk quotas, that the palmy days of very high subsidies are over and that in the short run all farmers face more difficult times. The longer term prospects however are even more worrying, for it is officially acknowledged, if not yet widely debated, that French agriculture could be on the edge of a revolution which, if not handled carefully, will result in the depopulation of very large areas of the French countryside within the next decade. There could be between 300,000 and 400,000 fewer farms than there are now, with possible only 300,000 farmers able to gain a living entirely from farming, by the year 2000. The precise effect of the measures agreed in Brussels last month are hard to quantify, partly because farm-gate prices for this coming season have not yet been fixed by Brussels and partly because the government has again tried

to soften the blow of reforms with an aid package, such as that which has helped successfully to restructure the dairy industry. This time, there is some £300m to be spent, partly on ameliorating the lot of hill farmers and partly on easing credit terms for the hardest hit. The principal aim of the Brussels measures is to reduce spending on the CAP by lowering farm production, particularly of oil seeds and cereals. In France, there is some relief among farmers that the measures were not as tough as British, for example, wanted. But French officials still insist that they will prove "very tough and irreversible." Across the board they will mean real price reductions of between 12-14 per cent for French farmers over the next three or so years, one official said, a figure to be added to a similar decline in the past four years. He added that German farmers will suffer cuts of between 20 and 25 per cent in the next three years largely because of the strong D-Mark: this "larger political sacrifice" was why in the end France supported Germany against Britain during the summit negotiations. In Britain currently there is much talk of the farmers' need to diversify out of surplus crops, or set aside land from production but in France there is a somewhat different emphasis in the search for additional, medium-term solutions to over-production. French government and farming officials are lukewarm towards set-aside, with some seeing it as an Anglo-Saxon plot to prevent France remaining the EC's largest cereal exporter. They insist instead that new uses must be found for traditional crops, like producing bio-ethanol for fuel out of surplus cereals, while France wants imports of cereals or cereal substitutes from outside the EC curbed so that production of home produced crops can increase.

French officials are particularly worried that the failure to agree a tax on oils and fats production - which is anathema to Britain - will vitiate attempts to control the farm budget. They say that without the tax the EC is likely to find itself spending some 500 60n (25bn) a year - or as much as it now spends on cereals - supporting Spanish olive oil. But it is the longer term outlook which is particularly worrying and on which - not surprisingly perhaps, given the election - public debate has hardly begun. The EC reforms will drive some farmers - particularly those who borrowed heavily in the early 1980s - off the land but many more will leave because they are already ageing; more than 50 per cent of French farmers are over 50 and of those more than half are thought to have no actual or willing successors. One of the more conservative recent studies of the problem estimates that some 5-6m hectares of France's 30m hectares of agricultural land could be in serious danger of "desertification" by the turn of the century as farmers leave it, while the numbers of full time farmers could fall to around 250,000 compared to today's 700,000. As one official put it, "that could mean the sort of restructuring of the countryside and rural life which goes far, far beyond anything we have experienced in Europe this century."

Pressure on Polish peace group

By Christopher Sobinski in Warsaw

RENEWED POLICE pressure on Poland's independent pacifist movement Freedom and Peace (WIP) comes as the military establishment has signalled a hardening of the rules on conscientious objection to military service. On Saturday security men broke up a WIP meeting in a private Warsaw flat and confiscated 21 (11,500) they found there, while activists in other cities report increased surveillance by the authorities. But, on the same day, the Ministry of Defence's Military Council, chaired by General Wojciech Jarnalicki, the country's leader, was reported to have approved proposals for modifying the rules of alternative service and discussed "proposed modernised texts" of the military oath. The communiqué comes after the Polish navy earlier this month cut national service for sailors from three years to two and the military lowered the age up to which young men can be called up from 25 to 24. Recently Zolnierz Wolnosci, the Polish army newspaper, published an account of a meeting at the Defence Ministry during which General Tadeusz Szulc, head of the army's political wing, revealed that the right to object to the draft might be extended to those with "an ideological and political" motivation and not only religious objections.

Japanese loan likely to help Turkish debt financing

By Jim Sogener in Ankara

JAPAN is expected to provide co-financing of about \$500m-600m with a \$400m World Bank loan to tide Turkey over a peak in external debt servicing in June, say Turkish officials. This year, Turkey faces a foreign debt servicing bill totalling around \$7.2bn. External debt rose by 22.5 per cent to total \$88.3bn during 1987, according to recent official figures. The Turkish Government had no intention of renegeing and would be able to meet its dues in

1988, Mr Ruud Saracoglu, the central bank governor, said recently. Treasury officials pointed out yesterday that a total of about \$800m was raised between January 1 and March 5 this year, all medium-to-long term. About \$300m was raised by the central bank, and the remainder by the Treasury. The World Bank board was expected to approve the co-financing package provided it was used to restructure the financial sector in June, Treasury officials said.

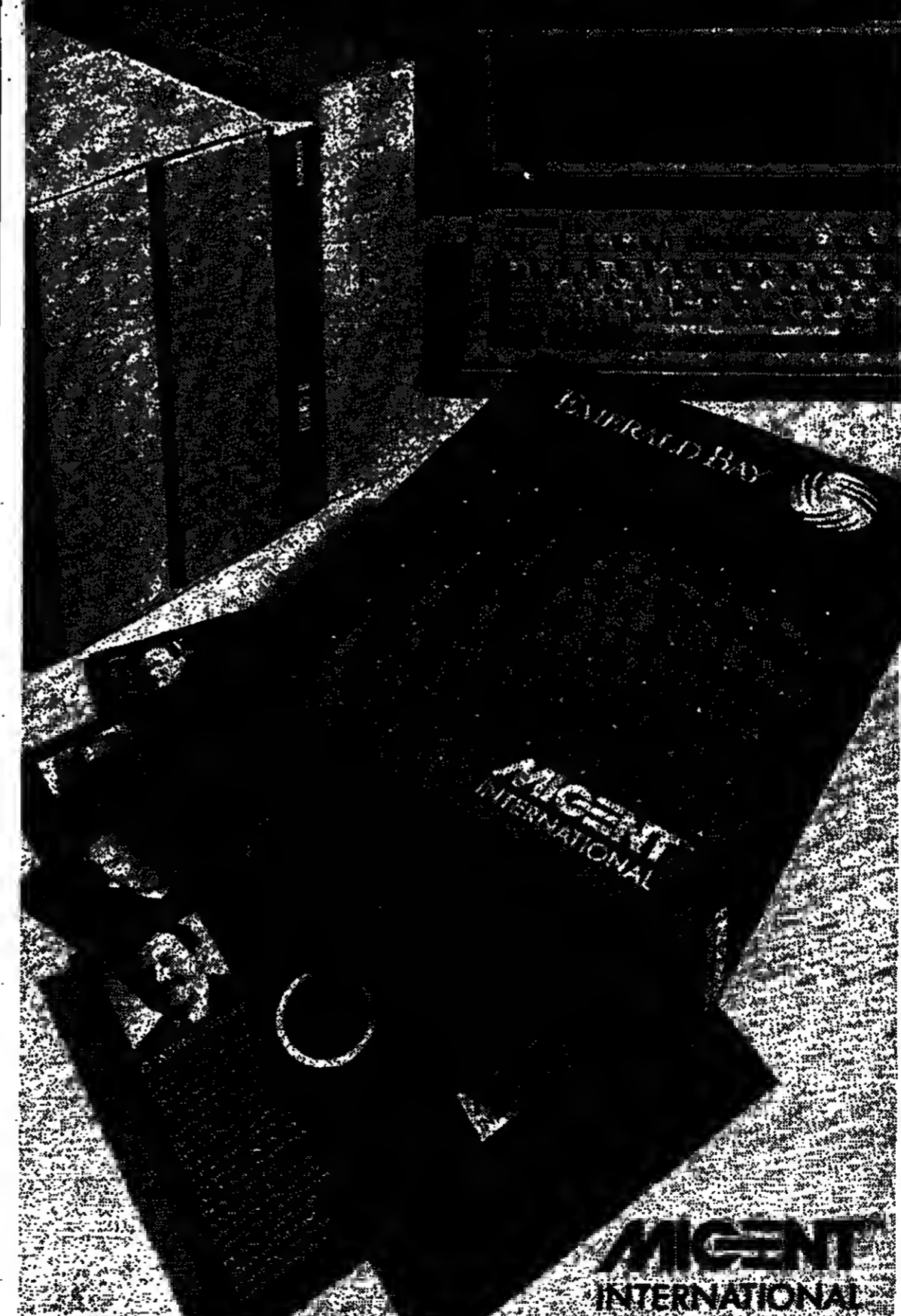
The total package of around \$800m essentially would be help from the obsolete B-loan concept. The three basic options were co-financing, joint-financing, and parallel financing. The Japanese funds might come in part through the Export-Import Bank of Japan (Eximbank), but would not be tied to any projects, such as the third Bosporus bridge, said the officials. An exchange of notes with Japanese officials was still going on, they add. Mr Saracoglu recently unveiled a comprehensive, three-year debt

servicing strategy until 1991. The level of servicing was not expected to rise until 1990, but credits tied to actual projects would form a much smaller proportion of fresh loans than hitherto. The Government's strategy was to start reducing the current account deficit to \$400m-\$500m by 1991, however, slowing the rate of increase in external debt, he said. In the longer term, the stock of debt would decline, particularly in relation to gross national product, and the current account.

Greece shrugs off US protests over bases

THE GREEK Government yesterday rejected American protests about a construction freeze at the four US military bases while talks on their future continue, AP reports from Athens. Mr Yiannis Roubatis, the government spokesman, said the Government stood firm behind last September's decision to ban new building and repair work on the bases for the duration of the negotiations. He said Mr Robert Keeley, the US ambassador, had renewed a request earlier this month that construction projects involving security and living quarters improvements should go ahead. Greek and US officials are currently negotiating a new bases agreement that will replace the 1953 accord after it expires at the end of this year. Mr Andreas Papandreu, the Prime Minister, has said a new agreement must be approved in a referendum before it is signed.

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OVERSEAS NEWS

Pretoria admits sending killers into Botswana

By ANTHONY ROBINSON IN JOHANNESBURG

THE South African Defence Force yesterday admitted sending a hit squad across the border into Botswana which killed four people in a house in the northern suburbs of Gaborone, the capital. According to an SADF statement the four, believed to be three women and one man, were "ANC terrorists" using Botswana as a transit route from bases in Zambia and Zimbabwe. The raid was based on information gained last Friday when another three suspected ANC guerrillas were killed by a South African patrol on a farm close to the border, the SADF statement added. Those killed on Friday were reportedly armed with Soviet-made weapons. The four murdered in yesterday's raid were killed in their beds and charred beyond recognition in a subsequent fire. Yesterday's early morning raid, the latest in a long series of cross-border raids into Botswana and other neighbouring states by South African forces in recent years, follows an intensive police search for Mr Heinrich Groskopf, a young Afrikaner. The security forces want to question him about the massive

car bomb explosion outside a Krugersdorp magistrates court which killed three people earlier this month and several other unsolved bomb explosions attributed to the ANC. He is believed to be in hiding in Botswana which shares a long border with South Africa. Gaborone denies giving any assistance to the ANC and is frequently humiliated by Pretoria's violation of its sovereignty. Meanwhile, Mr Rocky Malebane-Metsing, leader of last month's abortive military coup in the neighbouring Bophuthatswana homeland has surfaced in Lusaka, the Zambian capital. In an interview with a South African newspaper he said he had escaped because he feared that the homeland authorities would kill him rather than put him on trial and claimed that he had saved President Lucas Mangope from being executed by the military. At least 400 armed guerrillas have surrendered to the Mosambican authorities since an amnesty law was passed in December, the national news agency reported Monday, AP reports from Maputo.

Manila lists demands over bases

By Richard Gourlay in Manila

THE Government of President Corason Aquino yesterday fired the first official salvo in talks with Washington to determine whether the US will keep its Philippine military bases, its largest abroad, after 1991 when the lease expires. Mr Eml Manglapus, the Foreign Secretary, said the talks will also cover how the Philippines applies a provision in the constitution banning nuclear weapons from its territory. US officials have already said they will not change their global policy of neither confirming nor denying whether US ships carry nuclear arms. In a policy speech to diplomats, Mr Manglapus said the US paid the Philippines only a fraction of what it pays for European bases. This was despite Washington's belief, shared by many in the region, that the Philippine bases are strategically vital to non-communist Asia from the South Pacific and Japan to the east coast of Africa. He rejected the US argument that the bases, including the huge Subic naval and Clark air bases, were for their mutual defence, saying the country faced no external threats and that they served only American strategic interests.

Victor Mallet on the risks of success for a southern Africa peace plan

Cynicism greets Namibian talks

SEASONED OBSERVERS of southern Africa can be forgiven for greeting the latest flurry of negotiations on Angola and Namibia with weary cynicism. Diplomats and politicians, traditionally described in these circumstances as cautiously optimistic, are once again talking about a deal involving the withdrawal of an estimated 40,000 Cuban troops from Angola, an end to the 13-year-old Angolan civil war, and independence for the South African-ruled territory of Namibia (South West Africa). "We think that for once it is possible to believe in a miracle," were the words attributed to Mr Lopo do Nascimento of the Angolan government last week. He was in Zimbabwe addressing an international meeting of former statesmen and explaining the Angolan government's latest peace plan. The proposals include the withdrawal of Pretoria's troops from southern Angola, the implementation of the UN's 1978 plan for Namibian independence, the withdrawal of Cubans from southern Angola followed by their complete departure from the country, and an end to US and South African support for the Angolan rebel movement Unita. Such a plan would be agreed to by South Africa, Angola, Cuba and Swaziland, the Namibian nationalist movement, and guaranteed by the UN or the major world powers. Unita would be excluded. The US, in the form of Mr Chester Crocker, the Assistant Secretary of State for African Affairs, has long been mediating between South Africa and Angola. "Finally," said Mr do Nascimento, "we are seeing light at the end of the tunnel and we hope that South Africa does not at the last minute once again hide the light we are glimpsing." What some observers may have forgotten is that these proposals are almost identical to the ones put forward by Angola as long ago as 1984, with the exception that the Lusaka government at that time wanted to keep 5,000 Cubans in the north of the country.



do Nascimento: 'end of tunnel'

Success, therefore, is only possible if South Africa has had a change of heart over the past four years and is now suddenly prepared both to ditch Unita and to hand over its backyard in Namibia to a leftist Swago government. Neither is likely. South Africa, showing no sign of wanting to leave Angola, let alone Namibia, is heavily involved at the moment in fighting in support of Unita around the southern Angolan town of Cuito Cuanavale. Always fearful of the domestic political threat from the extreme right, President P.W. Botha's National Party government also seems to have hardened its position on the conditions for a Namibian set-

tlement. In the early 1980s Washington and Pretoria simply insisted on a Cuban pullout from Angola but this month General Magnus Malan, the South African Defence Minister, suggested to Angola's Soviet backers that there should be a neutral government in Luanda - in other words a share of power for Unita, Angola's Marxist rulers and the Soviet Union both reject this. There is always a distant hope of peace. Angola, Cuba and the Soviet Union are probably all weary of the human and financial costs of the war. South Africa has been taking heavy casualties in Angola. Unfortunately the evidence points to further fighting. Last week the leaders of the six frontline states in southern Africa gathered in Lusaka and declared their support for the Angolan peace plan. But the next day the President Kenneth Kaunda, the Zambian chairman, admitted that he could not see the South Africans coming to the negotiating table. Nor did Mr P.W. Botha, South Africa's Foreign Minister, give an encouraging response to the Angolan overtures, saying that progress had not been made on the vital issue of a timetable for Cuban withdrawal. "I do not say that an agreement is impossible. But at the moment we are still very far from such an agreement," he said.

Shamir toughens stance on peace plan

By Andrew Whitely in Jerusalem

MR YITZHAK SHAMIR, the Israeli Prime Minister, yesterday fired another salvo at the US peace initiative for the Middle East, further reducing Secretary of State George Shultz's chances of a breakthrough when he returns to the region on Sunday. Banned by opinion polls showing that a large majority of Israelis favour tougher military action in the occupied territories, Mr Shamir told a special session of Israel's Parliament that he sought "a contract with Jordan and an arrangement with the Arabs of the Land of Israel". The right-wing leader, who refuses to speak of a Palestinian people, was presumably referring to some form of Palestinian autonomy under Israeli rule. Before another wave of expected protests at Israeli Arab and Palestinian from the occupied territories mark a traditional anniversary, the Israeli authorities have taken unprecedented security precautions. Extra police are being drafted into mainly Arab districts of Israel and hundreds of suspected activists have been temporarily detained. The Israeli army has also imposed a virtual news blackout on the clampdown. A senior Israeli official disclosed yesterday that Mr Shultz is expected to bring with him a draft invitation to Israel and its Arab neighbours to an international conference, to be held next month. While Mr Shamir will be pressed hard for an unequivocal reply, the tactics remain to defer judgment until the Arab states have spoken.

Vanunu to appeal over espionage sentence

By John Follain

MR MORDECHAI VANUNU, the former nuclear technician, yesterday appealed to Israel's Supreme Court against an 18-year prison sentence for treason and espionage. Armed Forces Radio said, Reuters reports from Jerusalem. The Justice ministry said an appeal had yet been received "but it could take up to 10 hours to go through the right channels before it is officially lodged." Mr Avigdor Feldman, Mr Vanunu's lawyer, who would have lodged the appeal, was not available for comment. He had previously submitted a petition signed by 12 Nobel laureates that appealed to the court to recognise that Mr Vanunu was a "man of conscience." Mr Vanunu, 34, worked at Israel's top-secret Dimona nuclear reactor in the Negev desert for nine years before telling London's Sunday Times in September 1986 that Israel had produced up to 200 atomic bombs in 20 years. Before the Sunday Times article was published, Mr Vanunu disappeared from London, turning up in Israel as a prisoner. After a seven-month secret trial, the Jerusalem District Court sentenced Mr Vanunu on Sunday to 18 years in prison, a lesser penalty than the maximum life sentence he could have received. The court said Mr Vanunu aided Israel's enemies in wartime, and collected and passed on secret information with the intention of harming state security. The Israeli news agency said Mr Vanunu's appeal would not be heard before early next year because of the number of cases pending before the Supreme Court.

Fiji PM seeks new UK links

By John Follain

RATU Sir Kamisese Mara, Prime Minister of Fiji, will today meet Mrs Margaret Thatcher, his British counterpart, in a second attempt to renew links with Britain and the Queen severed after two army coups. The links were cut and Fiji ceased to be a Commonwealth member when Col Sitiveni Rabuka overthrew the elected Government and declared a republic in October. Ratu Mara, reinstated by Col Rabuka late last year, will see Sir William Heslop, the Queen's Private Secretary, tomorrow. Whitehall officials say there are no grounds for believing he will be more successful than on his last visit shortly after the coups. There is little Mrs Thatcher can do for Ratu Mara. Any renewal of ties with the Crown would be a matter for the Queen and she refused to see him on his last visit to London.

NZ\$1bn cyclone bill

The effects of Cyclone Bola which devastated a large area of New Zealand's North Island three weeks ago could cost more than NZ\$1bn (£350m), Dai Hayward reports from Wellington. Mr David Lange, the Prime Minister, yesterday announced a special NZ\$50m relief package to compensate farmers for up to 60 per cent of their non-insurable losses. Some farms will be abandoned permanently. The main railway line to the city of Gisborne may never reopen.

Party leaders unite to oppose Gandhi

By John Elliott in New Delhi

OPPOSITION leaders in India are forming a new middle-ground political party in an attempt to strengthen their stand against the Congress I Government of Mr Rajiv Gandhi, the Prime Minister, who has to face a general election by the end of next year. The party would include a broad-based front headed by Mr Vishwanath Pratap Singh, former defence and finance minister under Mr Gandhi, and members of the Janata Government which ruled briefly in India between 1977 and 1979. Both Mr Singh and Mr Ramakrishna Hegde, chief minister of the State of Karnataka and Janata leader, said over the weekend that they hoped the party would be formed within the next few days. They would seek electoral alliances with two Communist parties and the right-wing Bharatiya Janata Party, each of which have a national base. These political developments coincide with a concentrated opposition attack on a Constitutional Amendment Bill passed by Parliament last week to provide emergency powers for dealing with the Punjab Sikh crisis. Opposition leaders have asked Mr R. Venkataraman, president of India and senior Congress I politician, to take the unusual constitutional step of refusing to give the Bill his approval. They allege that the bill contains unnecessarily draconian powers to curb basic civil liberties. They also claim that Mr Gandhi could also use it under India's constitution to delay next year's general election for up to one year. Government spokesmen, however, deny any such intention, and most observers believe the bill is unlikely. The bill was hurried through Parliament last week because indirect parliamentary elections this week to the upper Rajya Sabha House will cost the Congress I its current two-thirds majority which it needs to make constitutional changes. Parties which are linking up in what might be called the National Peoples Party are the Janata, the Congress S, which is a small independent group outside the Gandhi's Congress I, one or two branches of the Lok Dal, and Mr V.P. Singh's Jan Morcha movement. But personal political rivalries, which have bedevilled past attempts at opposition unity, are complicating the moves. There are few policy differences between any of the parties. Mr Singh and Mr Hegde said over the weekend that their combined electoral stand would call for more concentration on agricultural and rural development, a curb on corruption and devolved government powers.

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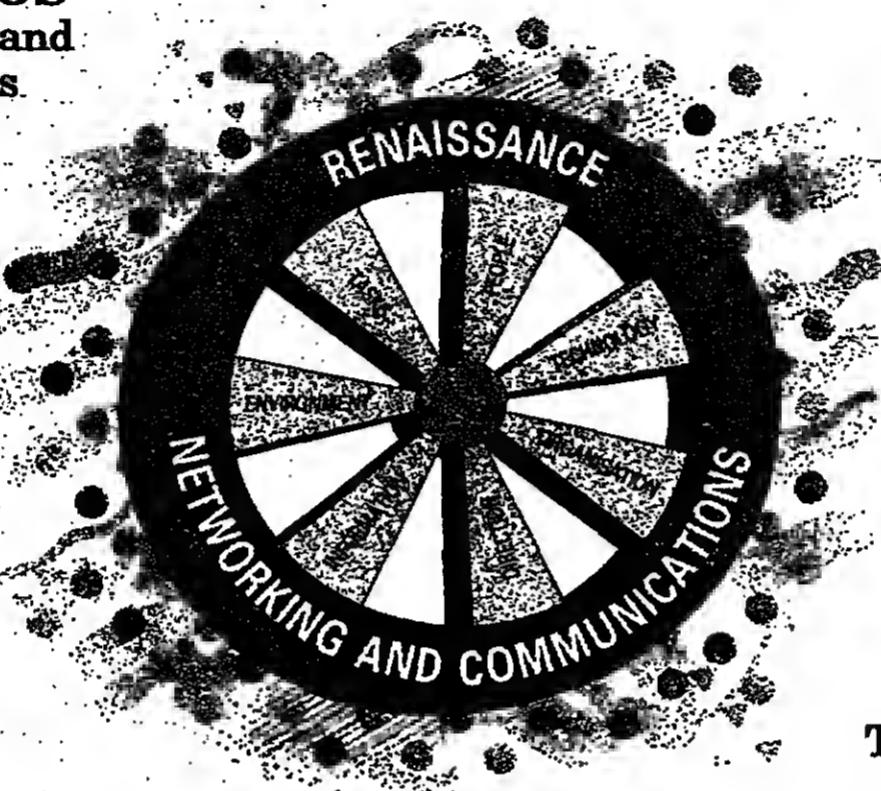
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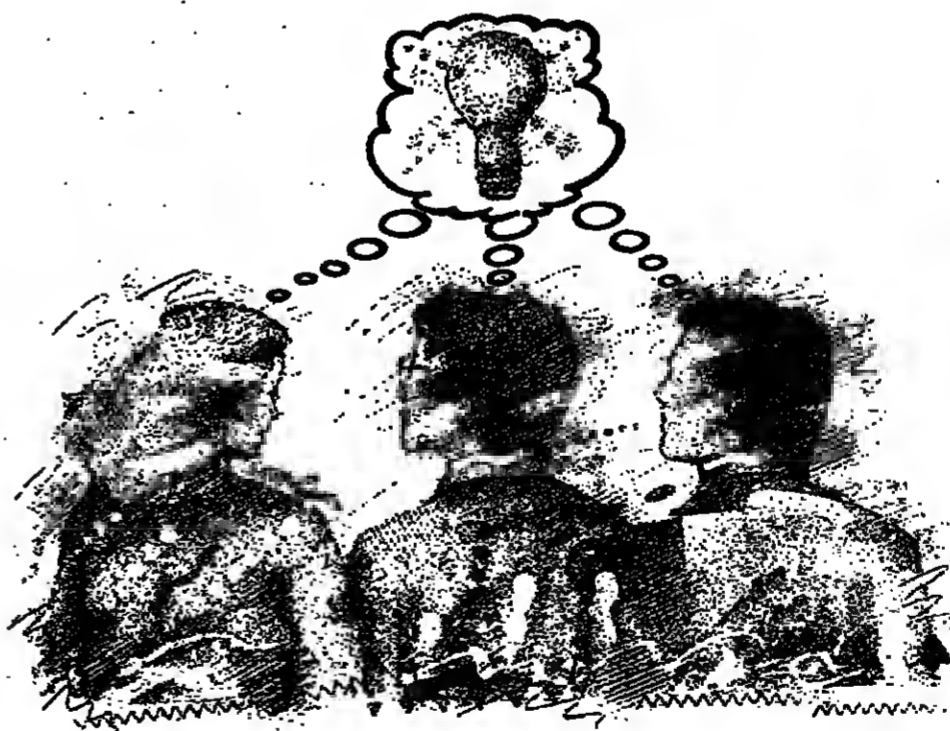
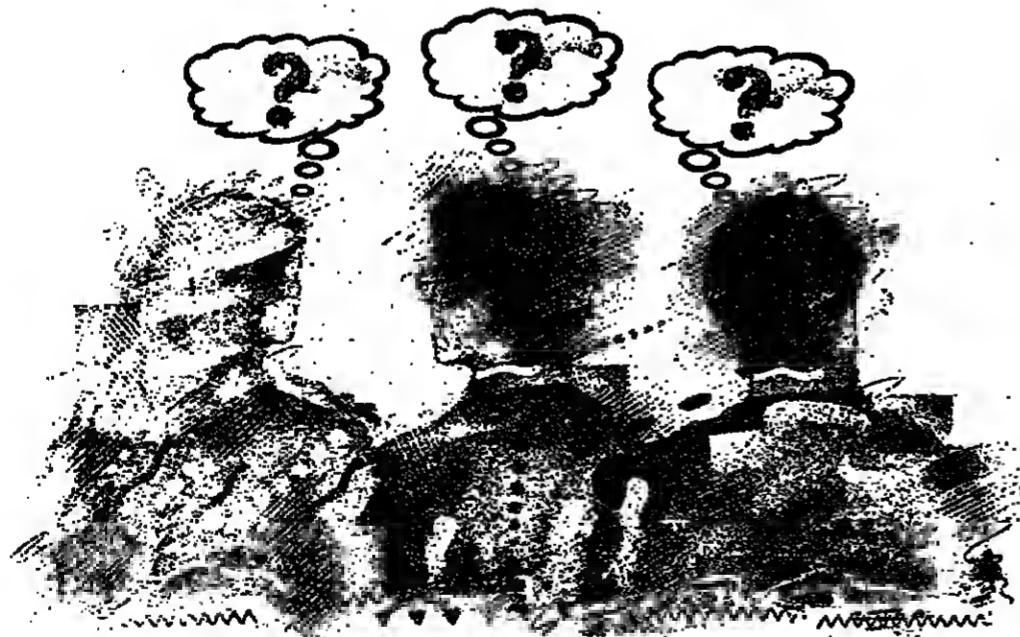
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Yugoslavian steel exporters face fresh assault from Eurofer

BY WILLIAM DAWKINS IN BRUSSELS

Eurofer, the "club" of big integrated steelmakers in the European Community, yesterday launched a fresh series of formal complaints against alleged unfair underpricing of Yugoslavian steel.
The group told the European Commission that Yugoslavian cold rolled sheet is being dumped in the EC at between 24 per cent and 30 per cent below normal value. The dispute is sensitive because EC steelmakers' overcapacity is particularly heavy in cold rolled sheet, a basic raw material for the car and white goods industries.
If the Commission finds in Eurofer's favour, it can impose punitive levies to bridge the gap between the dumped EC price and a normal price.
Yugoslavia exported 40,000 tonnes of cold rolled sheet to the

Community in 1986, more than doubling sales to 90,000 tonnes last year.
Eurofer claims that imports from the Eastern European country were running at an annualised rate of 240,000 tonnes by the end of last year, representing just under 1 per cent of the EC's 16m tonne per year consumption of that product.
Britain and Italy are the worst affected, said the group.
The Brussels authorities recently imposed anti-dumping levies on Yugoslavian imports of hot rolled sheets, the source of restraint for cold rolled products, and heavy plate, used in the shipping and offshore industries.
They are also investigating another Eurofer complaint against allegedly under-priced steel beams from Yugoslavia.

Japanese to cut South African iron ore imports

THE JAPANESE steel industry will generally reduce imports of iron ore and coking coals from South Africa, according to industry officials, Reuters reports from Tokyo.

"We are going to keep distancing ourselves from South Africa, as we have been," one industry official said. Steel mills had begun cutting South African imports before Tokyo had called for trade restraints, he said.
Mr Hajime Tamura, Japan's Minister of Trade and Industry, has asked six major trading houses to restrain trade with South Africa.
The minister urged company presidents at a meeting to consider the growing international criticism of Japan, which became South Africa's biggest trading partner last year.
About 5 per cent of Japan's total iron ore imports come from South Africa, amounting to an estimated 5.6m tonnes in the year ending March 31, 1988.
Coking coal imports from South Africa in fiscal year 1987-88 are expected to reach more than 6m tonnes, around 7 per cent of total Japanese demand.

Jerusalem's claim denying Palestinians access to ports is bogus, writes Andrew Whitley

Chill winds strike EC-Israel trade relations

TRADE RELATIONS between Israel and the European Community have turned markedly chilly in the wake of the European Parliament rejecting a new trade agreement and package of loans for Israel, in protest against its handling of the unrest in the occupied Arab territories.
In quick response, the Shamir government made clear to Arab farmers that their hopes of shipping their product directly to Western European markets were most unlikely to receive Israel's blessing. Mr Ariel Sharon, the hawkish Trade and Industry Minister, went further, warning that further retaliatory steps were under consideration.
"I don't believe Israel can just take this punishment," he threatened. "It must certainly respond, and we are now definitely thinking of a series of steps we can also take."
What measures the Israeli Government can take without breaching Gatt rules or existing undertakings to Brussels under the 1975 trade agreement giving Israel preferential access to the EC for its farm produce are not immediately obvious. The two sides are already in dispute over an import levy the Community says is illegal.
Moreover, Israeli exports to the EC - boosted by the strength of their currencies against the US dollar - have been the salvation of the country's manufactured goods exporters over the past two years. Measured in dollar terms,



Ariel Sharon: warns of further retaliatory steps

last year they climbed by nearly a quarter over 1986 to reach a record \$2.6bn.
Exports to the Community traditionally represent about a third of Israel's total outward trade flow. On the league table, the US remains by far the largest single market, followed - an anomaly created by war - by the occupied West Bank and Gaza Strip. But, collectively, the major West European economies are the most important outlets for Israeli agricultural and industrial products, particularly the former.
Over the past decade Agreco and the Citrus Marketing Board, the principal state marketing

organizations, have built up a powerful sales network with British and continental European fruit and vegetable wholesalers. Staying on top of changing tastes and promoting vigorously, the Israelis have virtually cornered the market for winter vegetables and cut flowers. The flower business alone is worth over \$100m a year.
Like other Mediterranean countries such as Morocco, the biggest threat Israel currently faces in the EC comes from the accession of Spain, a major competitor in traditional Israeli exports such as citrus. To help Israel adapt to the phased-in tariff cuts on Spanish and Portuguese produce, and provide those countries with comparable access to the fast growing Israeli market, an adaptation and harmonisation agreement - the Additional Protocol unceremoniously rejected last week in Strasbourg - was concluded by the Commission.
For the moment at least, Israeli cries of woe over the dire consequences for its farmers of the new treaty's rejection are unjustified. With the exception of cut flowers, an addition to the original regime, the tariff reductions envisaged for this year and next are modest. As the trade statistics show, more than compensating for the, probably temporary, delay in their introduction is the strength of European currencies against the shekel.
Set against the massive Israeli



shipments to Western Europe by air and sea of everything from Chinese leaves to exotic hybrid fruits - all told worth about \$800m in 1987 - the potential threat from Palestinian farmers in the West Bank and Gaza Strip, given comparable access to the EC by Brussels under its October 1986 initiative, is pitifully small.
In almost every department - quality control, packaging and marketing - the Israeli product is vastly superior. The only possible grounds for competition abroad are on price, and even there the Israeli farmer has access to subsidised credit and other benefits not available to his Palestinian counterpart. The sales of such Palestinian produce as tomatoes and oranges to the EC are unlikely at first to exceed

\$20m, barely 2.5 per cent of the Israeli figure.
So why has Israel objected so strenuously to complying with a Community request to allow Palestinian farmers to ship their goods through Israeli ports independently of Agreco and the Citrus Marketing Board? Since the directive was issued by Brussels not one commercial export licence has been issued for an EC destination. The Israeli claim that to allow the Palestinians free access to its ports would contravene its law is bogus.
Shipments of Gazan oranges to Eastern Europe, where Israeli penetration has not gone far, have always been permitted through Ashdod port. The answer is almost certainly political and not economic. There is a deeply entrenched resistance within the Israeli establishment, irrespective of political affiliation, to allowing the resurgence of an awareness among the western public of a Palestinian national identity, even in the mundane form of a crate of tomatoes stamped "produce of the West Bank".
By urging Palestinian farmers in the occupied territories to send their goods to Western Europe through Jordan or Egypt instead, Israeli officials are probably banking on the likelihood that the economics of such roundabout export routes, not to mention the spoils along the way, would effectively kill its chances of success.

US report may bolster argument for more quotas

BY NANCY DUNNE IN WASHINGTON

THE ARGUMENT of US steelmakers for an extension of the "voluntary" quotas on steel imports is likely to be bolstered by a new congressional report, which attributes recent rises in steel prices to the lower dollar.
The report, prepared by the Congressional Research Service by the office of Senator John Heinz, a Pennsylvania Republican, concludes that US steel prices rose about 47 per cent last year but not as a result of the quotas.
The voluntary restraint agreements with 20 countries is due to expire in 1989. Although the US industry has undergone a major restructuring in the four years of protection and has struggled to get back to profitability, the major producers are seeking an extension of the quota programme.
Most countries subject to the quotas last year shipped substantially less steel to the US than allowed under their VRA's. Together, their shipments accounted for 13.6 per cent of the

US market, well below the 18.5 per cent allowed.
The report found evidence that the price of imported steel has increased along with domestic prices. "This rise in imported prices suggests that the depreciation of the dollar explains to a large extent the rise in prices and the decline in imports," it said.
The US steel quotas are not global. About 40 countries are not subject to limitations, and they increased their share of the US steel market from about 17.1 per cent in 1984 to about 30.4 per cent in the first 10 months of last year.
The largest beneficiary of the market's gain for the non-restricted countries was Canada. In 1984 its steel exports to the US represented 12.1 per cent of total imports.
In the first 10 months of 1987, its share rose to 18.2 percent. Others without VRA's also increased their market shares - notably Turkey, Indonesia, Singapore, Taiwan and Argentina.

Thyssen agrees \$916m Indonesian chemical deal

BY JOHN MURRAY BROWN IN JAKARTA

Thyssen Rhein Stahl Technik, part of West German's Thyssen group, has agreed a \$916m joint venture petrochemical investment in Indonesia, the country's largest foreign investment in over a year.
The venture will provide a welcome boost for Indonesia at a time of balance of payments constraints and growing debt problems. It is also further evidence of Indonesia's move into downstream activities to boost oil and gas income without breaching quotas agreed with the Organisation of Petroleum Exporting Countries.
The project, which was earlier repudiated as part of government cost-cutting measures, will be financed by \$716m worth of foreign loans, largely suppliers' export credits, Thyssen said yesterday in Jakarta.

The balance is joint venture equity, of which PT Humpus Arum, the Indonesian partner, a company owned by President Suharto's youngest son, will provide 30 per cent, with Thyssen covering the remainder.
The plant is expected to be on stream by 1991, producing 12 plastics products, with a capacity of 217,000 tonnes of benzene and 405,000 tonnes of benzene a year, all of it for export. Industry officials say the project will consume around 30,000 barrels per day of naphtha.
In a deal last year Pertamina, the state oil company, agreed non-recourse terms with Mitsui of Japan to finance a \$400m paraxylene plant in central Java. The plant is designed to produce 270,000 tonnes.

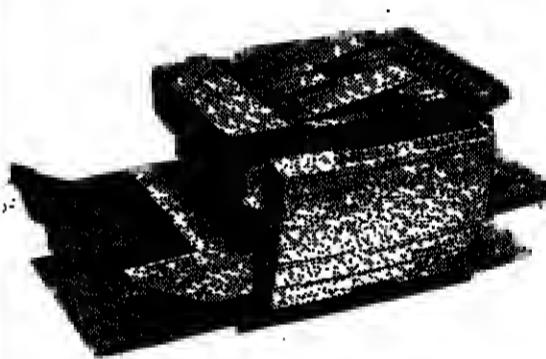
BA under fire from Singapore Airlines

BY ROGER MATTHEWS IN SINGAPORE

PRESSURE IS mounting on British Airways to allow an increase in the number of flights between London and Singapore in order to meet steadily increasing demand which is forcing passengers to book several months in advance during peak periods.
There has been no increase in capacity by British Airways or Singapore Airlines on the Heathrow-Singapore route since 1976, despite the considerable increase in air traffic to the region.
Each airline operates a daily flight in either direction. Singapore Airlines was allowed two flights a week to Manchester two years ago but these are also heavily booked.
Six British MPs, three each from the two main parties, recently visited Singapore to investigate the problems.
Mr Lim Chin Beng, deputy chairman of Singapore Airlines, lays the blame squarely on British Airways, accusing it of adopting a dog-in-the-manager attitude and failing to seize the obvious opportunities for increasing its profits on the route.
"It seems as if the only way they think they can compete with us is by restricting our capacity," he said. "Perhaps we will have to wait until there is a riot at an airport before they act."
Because passengers were unable to get seats on the two principal carriers, other airlines were picking up an increasing amount of business, especially Qantas with a daily flight and Air Canada now running four 747 flights a week between Heathrow

and Singapore. Mr Lim said Air India, KLM, Yugoslav Airlines and even Aeroflot were benefiting from the lack of capacity.
Tourists from Britain increased by more than 10 per cent last year, a trend which has continued into the first quarter of 1988. Mr Lim said tourism from southern Europe was showing a far more dramatic rise with the result that Singapore hotels were operating at above 70 per cent occupancy. Business travel was also expanding rapidly.
Singapore Airlines' load factors have been rising by an average of 8 per cent annually on the London-Singapore route and are running into the high 70s, which the airline says, means having to turn customers away regularly.
"It is a lost profit opportunity for us and for British Airways. We are willing to increase the number of flights almost immediately," said Mr Lim.
Singapore Airlines has proposed introducing a trigger mechanism which would allow an automatic increase in the number of flights once a load factor had reached a certain level over an agreed period. However, the suggestion has not been taken up.
Mr Lim urged British Airways to look at what Qantas was doing by using Singapore as a hub for flights from different parts of Australia. He added consideration would be given to the British airline if it wished to adopt a similar system for onward flights to other parts of Asia.

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*Nihon Keizai Shinbun (Japan Economic Daily)

RICOH

UK NEWS

Film, TV unions to face restrictive practice inquiry

BY JOHN GAPPER, LABOUR STAFF

An INQUIRY into labour practices within the film and television industries was announced yesterday by the Government under a previously dormant section of the 1973 Fair Trading Act...

Tyne Tees Television yesterday announced a new agreement with the ACTT technicians' union allowing flexible rostering and crewing which is described as a breakthrough for independent TV companies...

tion that restrictive practices exist. The Government is concerned with reducing restrictive practices not only in this area, but in others as well, and this seems a logical starting point...

Rulebook of life insurers under fire for 'lack of disclosure'

By GIVE WOLMAN
SIR Gordon Borrie, the Director General of Fair Trading, yesterday stepped up his attack on the way in which the life insurance industry has, he says, been exploiting the new self-regulatory investor protection framework to protect its own interests...

Nurses to keep no-strike policy

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

MEMBERS of the Royal College of Nursing, the nurses' union which is not affiliated to the Trades Union Congress umbrella body, have voted by about four to one to reaffirm the college's no-strike policy...

lots held in recent years on the college's no-strike policy. About 1,000 members spotted their ballot papers, some in protest at the wording of the ballot paper...

against changing the policy. Mr Trevor Clay, general secretary of the college, said the ballot conclusively demonstrated that RCN members did not want to join strikes in the wake of protests over the funding of the National Health Service...

Lex steps into US car retailing

BY JOHN GRIFFITHS

LEX Service, which claims to be the UK's largest vehicle distributor, yesterday announced the first substantive step by a British public company to penetrate car retailing in the US...

repair shops with combined sales of \$140m. The agreement follows a 15-month study by Lex into the US car retailing market...

car trade. North American manufacturers have traditionally resisted all attempts by indigenous dealers to go public. There are now no publicly-quoted companies retailing cars in the US...

Citroën accelerates its UK sales drive

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

CITROËN, the French car maker and part of the Peugeot group, aims to increase its sales in the UK new car market by at least 25 per cent this year...

success of its mid-range BX model, which increased sales by 29 per cent in 1986 and 42 per cent in 1987. The BX diesel is the best-selling diesel car in the UK...

Under the agreement, the \$13.2m Lex will invest in Citroën in its campaign to press the Government for increased funding on the NHS...

For desk top financial analysis of UK company data MicroEXSTAT is unrivalled

BY MICHAEL W. GREGSON, IVORY & SIME PLC

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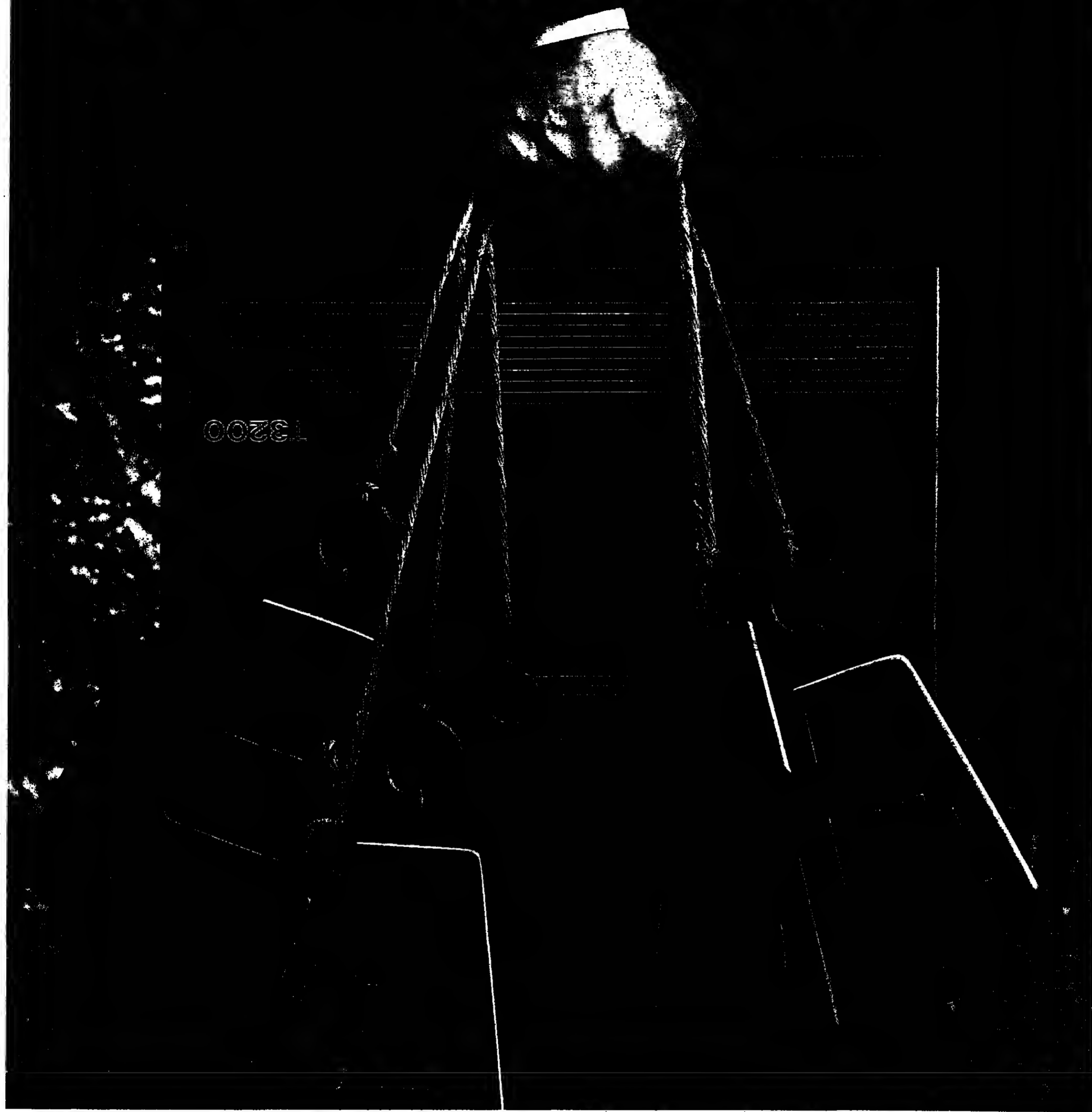
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British Steel

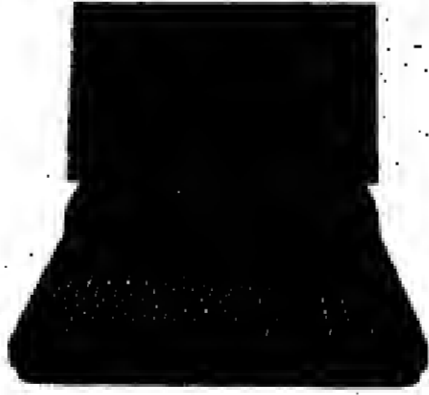
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UK NEWS

Criticism mounts as new twists sour run-up to A-Day

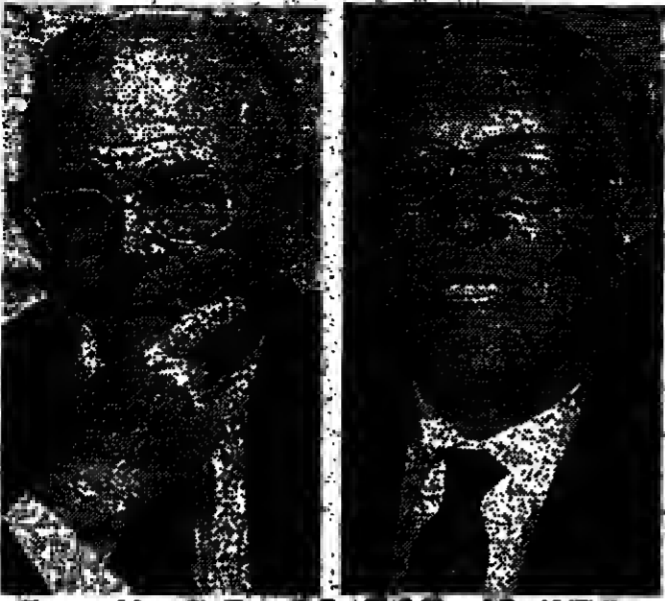
THE SECURITIES and Investments Board, overseer of the City of London's self-regulating organisations (SROs), has had to bear the brunt of criticisms against the complexity and bureaucracy of the new investor protection regime scheduled to come into force on April 29, A-Day.

The mounting criticisms, led by some of the heads of merchant and clearing banks, culminated in the last month's decision to replace Sir Kenneth Berrill, the SIB chairman, with Mr David Walker, a Bank of England director, at the end of May. Most of the SIB staff continue to believe that Sir Kenneth has been made the scapegoat for failings whose origins lie elsewhere and which, in any case, have been greatly exaggerated. But Mr Walker has already met the staff and reassured them that there will be no downgrading of the SIB's status.

However, the latest level of complexity to be added to the rulebooks, support the argument that the primary cause of the twists of the new regime has been the need to strike a compromise between firms' existing practices and the purest regulatory principles. Although the bulk of the new rules will take effect on April 29, an increasing number have been subjected to transitional arrangements which will apply until July 1, August, October or even as late as January of next year. Consequently, both investors and practitioners scouring the rulebooks of the relevant SROs for enlightenment on some disputed practice, will also have to check whether the relevant rule is subject to any transitional provisions and, if so, what they are.

One of the most contentious outstanding issues which has to be resolved by August is the investor compensation scheme, provision for which was inserted in the Financial Services Act in the final stages of its passage through Parliament 18 months ago. The SIB is currently going through a process of formal consultation with the five SROs, as legally required, on how the scheme will be structured and financed. Underlying it is the critical question of the extent to which one group of practitioners, in particular the large invest-

ment banks and securities firms, will have to bail out the clients of those insurance and commodity brokers which become insolvent.



Change of face: Sir Kenneth Berrill (left) and David Walker

The Stock Exchange, which has a long-established compensation fund, has led the opposition against any form of liability of one SRO for the failings of a member of another SRO. The hostility of its members to bailing out other firms is likely to be increased as a result of the SIB decision not to require SROs to build up compensation funds.

Instead, whenever an insolvency occurs, a levy will be imposed on all the members of the relevant SRO. The SIB will set a scale of maximum levies and once that ceiling has been reached, other SROs will have to pay up to make good any shortfall.

In other areas, the SIB has defused some of the hostility to the new framework by its transitional arrangements. The SROs have been told that the SIB will consider a temporary relaxation if they find that a whole class of investment firms is unable to comply with some particular rules.

The main area in which the SIB has been forced to make concessions has been the capital adequacy rules designed to ensure that all firms have a minimum level of capital to cushion them against risks. Those securities firms which are unable to mobilise sufficient capital to meet the requirements are being allowed to provide a guarantee from their bank or parent company, at least until the end of the year.

Meanwhile, the process of authorising investment firms has been continuing with fewer hiccups than the SROs expected and without any major lacunae in the SIB or SRO rulebooks being uncovered. However, the Securities Association, which can draw on the experience of Stock Exchange staff in vetting firms, looks like being the only SRO to complete the authorisation of all firms except the most difficult cases, by April 29. The other SROs do not expect to finish until the late summer or autumn.

Although the SROs are carrying out nearly all the authorisation work themselves, the SIB has itself received direct applications for authorisation from 108 firms. Just under half of these are building societies, which have no SRO, and most of the remainder are described as refugees from Fimbra, the Financial Intermediaries, Managers and Brokers Regulatory Association, the SRO which covers insurance brokers and small financial advisers. A few firms have applied to the SIB, as well as an SRO, fearing that they may be rejected by the SRO.

The SIB itself is gradually increasing its staff from 125 now to what is expected to be 170 by next year. A staff of about 20 will be needed to take over responsibility in July for monitoring unit trusts from the Trade and Industry Department. More staff will also be needed to liaise with regulators overseas, particularly in the US and the European Community.

In Brief
Texaco announces gas find in North Sea

Texaco yesterday announced a promising gas discovery in the Erskine Prospect of the North Sea, about 145 miles east of Aberdeen, writes Sylvia Butler.

An appraisal well flowed at a combined rate of 44.8m cubic feet per day of gas and 9,570 barrels per day of condensate from two tests. Texaco operates the well and has a 49 per cent interest in it, with the balance held by British Petroleum subsidiary, Stock broker Wood Mackenzie estimates the field could hold 500m cubic feet of gas and 30m barrels of condensate. This would include reserves of a neighbouring licence for a block where BP has been conducting test drilling.

Soft drinks in the can

Britvic Corona, the soft drinks company, has announced a \$30m joint development project with Continental Can of the US at Britvic's Rugby plant in the English Midlands. Continental will build a can making plant which will increase Britvic's national canning capacity by 25 per cent.

Britvic Corona, owned by Bass, Withbread and Allied Lyons, was formed in January 1987 as a result of rationalisation in the soft drinks industry.

Premier expands again

Premier Brands, the company set up after a 257m management buyout from Cadbury Schweppes in 1985, has bought the London Herb and Spice Company, a manufacturer of herbal teas, for an undisclosed amount.

The acquisition is Premier's eighth since the buyout and expands its tea portfolio which includes Typhoo and Ridgeways. The herbal tea market is the fastest growing sector of the beverage market.

Lack of rented housing

A shortage of rented and low cost housing is aggravating the health divide in Britain, according to the housing charity, Shelter.

Shelter said there was now a great shortage of houses to rent at a price people could afford. Shelter said the situation was worst in the south east of England where a supply of affordable houses was not coming onto the market.

MANDARIN ORIENTAL HONG KONG

Since opening its doors almost twenty five years ago, Mandarin Oriental Hong Kong has become a legend, consistently earning the accolade of "The Best Hotel in the World". Just recently, this honour was again bestowed by the readers of Business Traveller magazine. Exactly what has made this hotel a legend is difficult to say. Perhaps it is the unobtrusive attention to individual service. Perhaps it is its prime location in the centre of Hong Kong with immediate access to major business houses and luxury goods shops. Perhaps it is the superlative accommodation with balconied rooms and harbour views. But one thing is certain, it's again been nominated as the best. And that says it all.

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ENERGY BLUEPRINT HELPING BUSINESS MAKE MORE OF ITS ENERGY

The man says 'Yes' to heat pumps



Heat pumps have provided benefits for both the tenant and developer of a four-storey office building in Staines. Not only do they ensure air conditioned comfort for the people who work in the building but they have made more space available for rental.

The average coefficient of performance is as high as 2.5 during the heating season and this means that the electric heat pumps can produce 2.5 kW of heat for every 1 kW of energy used.

They take up less space than conventional air conditioning systems, as boilers and cooling towers are not needed. Operating costs are competitive, too.

The Staines building, leased by Del Monte International UK, is fully double glazed with a steel frame construction.

Two air source multi-mode heat pumps are situated close to the building at ground level. Each has a full heat recovery facility, enabling surplus heat from cooling one part of the building to be recycled to warm other parts. Simultaneous heating and cooling is needed frequently in the spring and autumn.

For more information tick coupon box 1.



Cool take-off for BA squash

As anyone who plays squash knows, it is a tough, hot and sticky game. In cold weather, condensation on floors and walls can be dangerous and courts may have to be closed, while unequal ball bounce spoils it for top-level players.

The problem is how to maintain the ideal winter temperature of a cool 10-13°C without causing condensation or requiring high, energy wasting ventilation rates.

British Airways Squash Club, with around 840 members and active in league and national events, managed it with electricity.

Two self-contained heat pump/dehumidifiers were mounted externally, with conditioned air entering each court via a grille within the 'tin' non-playing area.

Moisture-laden air from the courts passes through a cooling coil in the dehumidifier, where a proportion of the moisture condenses and drains away. The drier air is then reheated by being passed through a heat-rejecting coil, which uses heat extracted during the cooling process. Simultaneously the unit extracts additional heat, by the heat pump method, from the ambient air. This is then mixed with the dehumidified air and recirculated in the courts.

The two units proved so efficient that the club has now installed another four. For more information tick coupon box 3.

Storage heating teaches value for money



Electric storage heating is proving the value of a switch away from oil and liquid petroleum gas at a number of schools in rural areas of Shropshire.

A case in point is High Ercall Primary

School near Shrewsbury, where an Electricair warm air heating system was installed by Shropshire County Council on the recommendation of Midlands Electricity Board.

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UK NEWS

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EC funds sought for UK's 'celtic fringe'

By David Buchan in Brussels

THE UK is to press for the poorer and more remote parts of Scotland, Wales and the West Country to be added to a list published by the EC Commission of regions which are to be prime beneficiaries of substantially higher European Community aid.

Community leaders agreed at last month's Brussels summit that the regional, social and agricultural guidance funds, known as structural aid, should be nearly doubled to €13.5bn (£10.5) in 1988 from €9.5bn (£7.5) in 1987, with an actual doubling of aid going to so-called objective one backward regions.

Last week, as part of its job of turning the broad summit conclusions into detailed legal regulations, the European Commission published which it considered such backward areas.

The list comprises the whole of Greece, Ireland, Portugal, 16 Spanish and eight Italian regions, France's overseas departments and Corsica. No UK regions were included, apart from Northern Ireland.

Britain has been pushing for several months for the inclusion on the list of the Scottish highlands and islands, rural Wales and Devon and Cornwall, areas loosely known as the celtic fringe, as being among the most backward regions and therefore these most eligible for higher aid.

The problem is that the main yardstick for inclusion in this category is that regions have a gross domestic product per head less than 75 per cent of the community average.

All mainland UK areas have a per capita GNP higher than this, around 80 per cent in the case of the Scottish highlands and islands.

UK diplomats are hopeful, however, that in forthcoming ministerial negotiations, they can exploit a formula agreed at the summit which allows regions which approach the 75 per cent income measure to qualify, for special reasons.

In the case of the Scottish and Wales, the British Government will argue that areas on Europe's periphery need special help both to promote jobs in the areas and to offset extra costs there, such as transport. The general increase in the funds may lessen the temptation for member states to try and knock each other's regions off the priority list.

With the near doubling of total funds by 1992, each beneficiary is likely to see the absolute level of its receipts rise, even if its relative share declines.

• A £6.5m shopping development in the Northern Ireland resort of Bangor, County Down, will create 250 jobs it was announced yesterday.

Anthony Moreton looks at a £1m campaign for south east Wales

Moving to put Cardiff on the financial services map

A DRIVE to develop south east Wales, and in particular Cardiff, as a centre for the financial services industry was launched in London yesterday by Mr Peter Walker, the Welsh Secretary.

A consortium - comprising the counties of South Glamorgan and Gwent, two district councils in Newport and Cardiff and the Welsh Development Agency together with the Cardiff Bay Development Corporation - is to spend £1m over the next two years in a campaign to attract insurance, banking and other financial concerns to the area.

Mr Walker said there had been "enormous changes" in the region's economy over the past 40 years. Coal and steel accounted for no more than 3 per cent of gross domestic product compared with 47 per cent just after the Second World War and in its place had come newer industries, especially from abroad.

Last year, Wales won 30 per cent of all the inward investment coming to the UK, he said, "much of it from Japan, the US and West Germany, and there is more to come." South-east Wales had much to offer, not least lower costs. The cost of running a financial services operation in this part of Wales was about 75 per cent below London, he said.

Mr Stephen White, investment director of the WDA, who will spearhead the campaign, said 65,000 people were employed in financial services in the region, a total about to be enlarged with the arrival of the Trustee Savings Bank insurance unit in Newport and the Patent Office in Cardiff.

The message about south-east Wales was spelt out in rather more detail last night at a gathering of 150 of the great and the good in the City of London.

Every leading institution and firm in the Square Mile, from the Bank of England to the commercial property world and including overseas concerns such as Daiwa Securities and Dresdner Bank, heard Mr Walker tell them about the benefits of moving some of their operations to Wales.

There has been a huge change in the way companies operate, Mr White says. "Many of them have been re-appraising their needs and we believe this part of Wales offers them the conditions for their future expansion."

Earlier attempts to develop Cardiff founded on the unwillingness of institutions to move out of London, Mr White believes the time is more propitious now because of rising costs in the



Time of change for Cardiff

south east of England, staff shortages, high labour turnover and the introduction of new technology to financial dealing.

The strategy behind the campaign is to build south-east Wales into a second Edingburgh and to challenge the pre-eminence that Bristol and Birmingham have in western Britain.

To take on Bristol and Birmingham is a difficult task. Birmingham has been established as a major financial centre for a long time and Bristol has recently emerged as an important player in this market. It has attracted the head offices of four large insurance companies, is represented by all major insurance companies and has a host of allied financial institutions.

This challenge does not deter Mr White. "Cardiff is an important centre of government and we have the invaluable backing of a senior cabinet minister like Mr Walker when it comes to presenting our case. All the major accountancy firms are here and other professionals, such as the solicitors, are able to undertake work that previously could only be done in London.

On top of these attractions Cardiff is undergoing a metamorphosis as its decaying docklands is being transformed, through an urban development corporation, into what Mr Walker described as one of the most important development projects in Europe.

The launch of the campaign presages a switch in investment interest from manufacturing towards financial services. "Manufacturing investment will always be welcome," Mr White says, "and will continue to play an important role in the Welsh economy. But we intend to see that in future this is one of the most important financial service sectors in Britain. That is the importance of what we shall be doing over the next two years."

Irish Labour party in IRA talks

BY NERIAN COOKE IN DUBLIN

NORTHERN Ireland's mainly Catholic Social Democratic and Labour Party has had a series of talks with Sinn Fein, the political wing of the Irish Republican Army, to try to bring about a ceasefire in the province.

News of a meeting last Wednesday between Mr John Hume, leader of the SDLP, and Mr Gerry Adams, Sinn Fein president, became known yesterday in Belfast.

The SDLP said that at the meeting Sinn Fein had been urged to tell the IRA to call off its campaign of violence. The SDLP

said that while it was not hopeful that the IRA would stop its violence, the situation was not entirely hopeless.

This was the third round of talks Mr Hume has had with Mr Adams. At last week's meeting several other senior SDLP and Sinn Fein figures were present.

At the weekend Mr Hume would continue his discussions with Mr Adams. The meetings between the SDLP and Sinn Fein leaders have been bitterly criticised by Unionist politicians.

Mr Hume is due to meet Mr

Tom King, the British Government's Northern Ireland Secretary, today for talks aimed at bringing together all constitutional parties in the province and to try to break the present political deadlock. Mr Hume is expected to brief Mr King on aspects of his talks with Mr Adams.

The Unionists have said that they will not co-operate in any direct talks on the political future of Northern Ireland until the Anglo-Irish agreement, set up to give Dublin limited say in the running of Ulster, is put aside.

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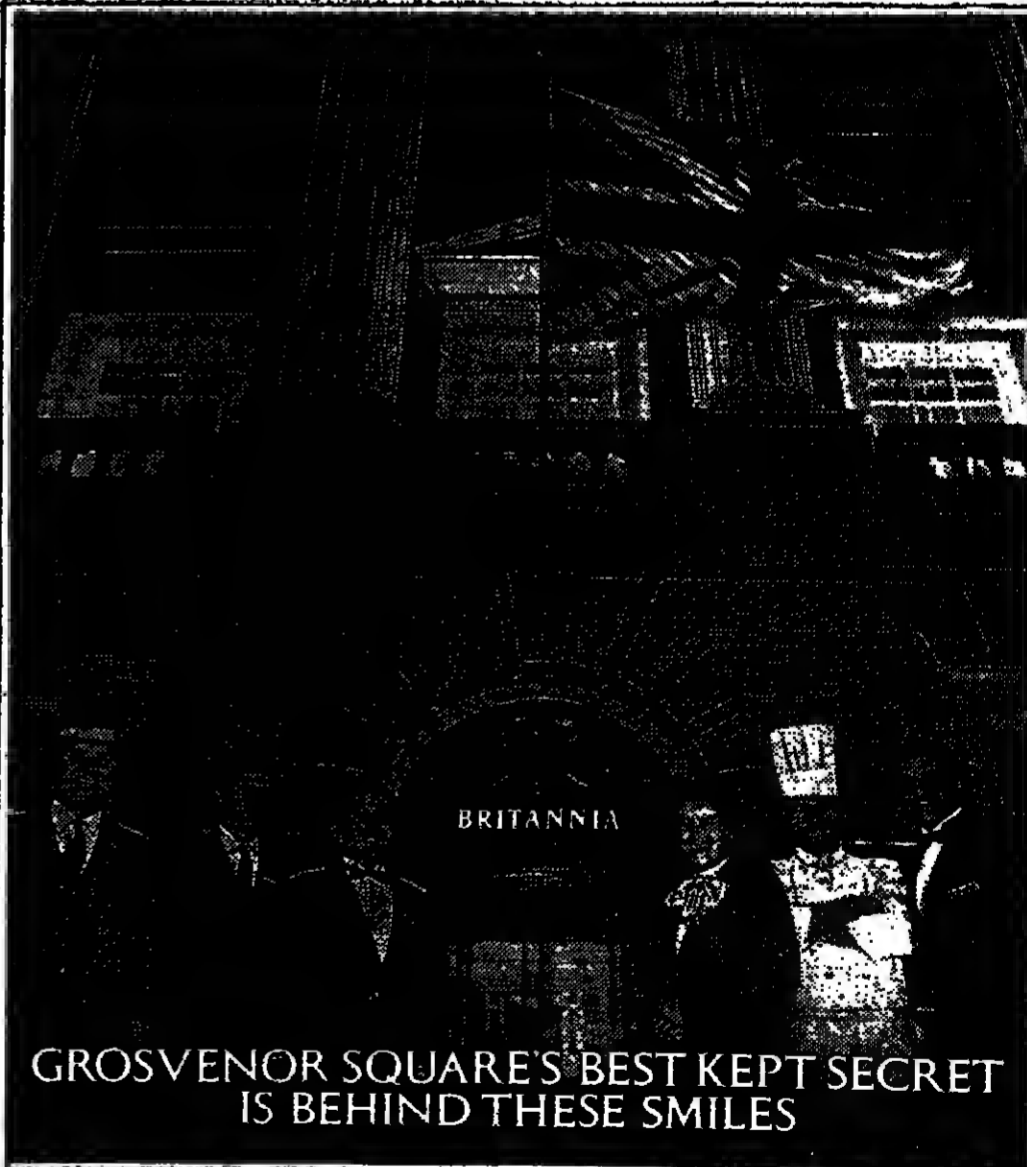
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MANAGEMENT: Small Business

A neglected discipline comes into its own

Quality is becoming an increasingly important competitive weapon. Charles Batchelor explains why

IT WAS NOT unknown, says John Krouse, founder and managing director of a small Oxfordshire engineering company...

Less dramatic but no less costly in the long run was the recurrent problem Krouse's workforce had in finding the tools needed for special jobs.

The problems faced by J.D. Krouse Engineering, which has 35 employees and turnover of £1m, are typical of the everyday irritations faced by small manufacturing companies.

After 18 months of preparation the company qualified for British Standard 5750, which lays down rules on how a company can improve its quality controls.

J.D. Krouse now has a formal procedure for checking incoming orders to make sure the part required is the same one for which the company quoted.

Quality management has long been a neglected management discipline, largely because it is difficult to establish its impact on profit margins.

panies have been taking it up. These are currently 3,000 companies certified to BS 5750 and, says Doole, a further 1,000 are being registered each year.

Introducing quality assurance means a company has to take a hard look at every aspect of its business - from before its raw materials come in through the delivery bay until after the finished order leaves the factory.

Companies assessed to BS 5750 can expect at least two inspections a year to see they are keeping up standards.

"They usually come for a day and pick out a segment such as our goods inward procedure or our stores and do an in-depth study of that," says Tom Cullen, operations director of HTEC.

"The most common reason is pressure from customers. FHS Automotive Parts, a manufacturer of foam car seats based in Tridiger, South Wales, decided it needed to improve its quality management when it had problems making seats of the correct firmness for Peugeot Talbot.

"We introduced a system in which the man on the shop floor had to sign off an item. This meant you could pinpoint someone if anything went wrong. The men didn't like being pinpointed so they made sure it was correct," Bates recalls.

The impact on Russell's performance was dramatic. From a profit of \$55,000 in 1985 it plunged to a loss of £120,000 in the 18 months to February 1987.

Ironically, the main problem faced by many companies is that they set themselves too high standards. JR & E Russell, a Wednesbury-based jobbery company with turnover of £3m and employing 80 people, provides a graphic example of what can go wrong.

Six months after obtaining its BS 5750 certificate Gordon Bates, the managing director, wondered whether the company still had a future. Production fell catastrophically because the workforce was so thorough in checking quality.

Certainly more and more com-



Gordon Bates of JR & E Russell: production fell catastrophically because the workforce was so thorough in checking quality

panies have been taking it up. These are currently 3,000 companies certified to BS 5750 and, says Doole, a further 1,000 are being registered each year.

"There are many examples of quality costs - wastage, inspection, testing and taking corrective action - reaching 20 per cent of sales," says Reddall. "This cost is reduced to 5 or 6 per cent by introducing quality assurance."

FHS says it has cut its reject rate from 9 per cent to below 3 per cent over the past three years.

Smaller companies in particular are a BS 5750 certificate as giving them additional status with potential customers.

But the benefits of quality assurance can sometimes appear elusive. John Krouse says it is impossible to assess the impact on profits because so many other economic factors have changed in recent years.

Quality assessment can revolutionise the way a company works but like most revolutions it has its casualties.

More help for the helpers

Charles Batchelor on a study which aims to improve agencies' cost-effectiveness

AN EXTENSIVE network of organisations providing advice to the small businessperson has grown up in Britain in recent years. Best known are the local enterprise agencies, now numbering more than 300 and backed by private enterprise and government funds.

Alongside these sources of general advice have come a number of more specialised agencies providing help in fields such as technology and marketing - both problem areas for smaller companies.

On the technology side, the organisations reviewed range from Aston Science Park in Birmingham to the Hull Innovation Centre to the Sandwell Industrial Resource Centre in the West Midlands which specialises in advice on computer-aided design and manufacture.

A key question for the agencies is funding. Most depend on a mixture of government, local authority and private sector finance.

Private sponsorship not only provides additional resources but it also gives projects added appeal in the eyes of clients and other potential sponsors.

possibility for organisations such as innovation centres. The Hull Centre, for example, seeks agreements giving it 0.5 per cent turnover as a royalty in a product's first seven years in the market.

To succeed, local initiatives must set themselves clear objectives and monitor their performance against them.

Choosing a suitable organisational structure is also important. The Bristol marketing centre, for example, stopped running joint exhibitions (involving a dozen or so firms in the same sector) because they were time-consuming to organise.

This is partly because six enterprise agencies are now established in its area, so fewer small firms come to the centre directly, and partly because the ending of government funding means it must target clients able to pay.

Charging membership fees is one option. The Nottingham Fashion Centre tried this but found it difficult to sustain numbers because the benefits of membership were not exclusively available to members.

Cross-border venture capitalists needed

A SCHEME to increase the number of venture capital managers skilled in arranging cross-border deals has been launched by the European Venture Capital Association with the help of European Community funding.

The rapid growth of venture capital throughout Europe has led to a shortage of experienced executives to handle the increasingly complex nature of deals which require funds to be raised in more than one country.

This will give the managers first-hand experience of another European market and will also provide the host company with information and experience of the manager's home market.

provide the host company with information and experience of the manager's home market. It may lead to co-operation between the two companies involved.

The European Commission is to help finance the scheme as part of its programme to boost co-operation between small firms in the community. The EC will pay the cost of the training seminar and up to £2m6,000 in compensation to venture capital companies which second managers.

The EVCA programme is similar to an exchange scheme operated by the National Association of Small Business Investment Companies in the US.

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FINANCIAL TIMES SURVEY



County Durham, like much of industrial Britain, is in the throes of change. New industries are

springing up to replace the megaliths of coal, steel and the railways. Introducing this three-page survey, Ian Hamilton Fazey says that now interventionism is dead, private sector development is needed.

The test of market forces

FIRST, THE good news. Demand for factory space in County Durham is now so great that there is an acute shortage. The bad news is that inward investors and jobs are being turned away as a result, despite nearly 35,000 unemployed, a rate of 15 per cent. The problem is a wide one in the North, and County Durham typifies it. Why the county deserves special study, however, is its role as a harbinger of deep and real change in old industrial Britain.

It is not just a new-found response to Thatcherism or the recession of the 1980s, though both are playing their part dramatically. What is happening is the culmination of three decades of transition, and three philosophically distinct - though chronologically overlapping - phases of adjustment.

Durham is in the throes of the third phase now. To explain it requires a brief review of what has happened in those three decades.

Mr James Wilson, the county's chief planning officer, says: "When I first came here 30 years ago, four out of every five jobs

were in steel, the railways or coal. There were 110 pits and 72,000 coal-miners. There are only four pits now and 6,000 miners. Most of the coal jobs were lost in the 1960s as the workable coal deposits narrowed down to those on the North Sea coast. By 1979 we had replaced those jobs. Then came the national manufacturing shake-out, when steel and the railways followed."

The first phase of Durham's restructuring was the steady, measured response to the gradual loss of those tens of thousands of coalmining jobs. The second was the very different formula applied after the shock of closure of the Consett steelworks - in an area of the county that had already lost 80 coalminers.

Between these two phases lies a big difference in philosophy. This is in itself a commentary on wider changes in Britain during the same period. The former revolves round the calculated response of governmental planners at national and local level, and particularly in the local authority.

Strategic planning, coupled with public spending on infra-

structure, incentives and subsidies, is used to pull in new industry and jobs. New towns - in County Durham's case, Aycliffe and Peterlee - provide green fields for a fresh start.

In marketing terms it is a "push" strategy. The supplier of the land, factories and labour which industry needs pushes them in the marketplace through heavy promotion and low prices, and also spends much on getting the environment into shape for modern industry.

It is a long, slow process which initially tended to attract branch factories that did not help the local development of an interdependent, business-to-business



Durham Cathedral looking down towards the River Wear

County Durham

trading economy. But, over time, a better, balanced industrial structure has emerged.

Mr Wilson says that by 1988 the structure had become similar to that of the rest of Britain. The county's own efforts to help this had seen more than 1,000 incentives to industry totalling £3.8m in grants and £3.3m in loans. New jobs, mostly in manufacturing, stood at over 8,000.

County Durham's second, but parallel phase is of the rougher, action-centred kind that has developed in Britain in the last eight years. It revolves around projects, task forces, leaders and "enablers" - the fixers of deals.

There is less concern with infrastructure and land management than getting commercial activity under way that will create local demand, followed by suppliers to fill it. The assumption is that industry develops stronger foundations through opportunities for growth, rather than through subsidies and aid.

Dr John Bridge is chief executive of the Northern Development Company, the body formed last year by the region's private sector and local authorities with Government support to spearhead future industrial development in the North-East and Cumbria.

He says: "When Durham's coalfield jobs started shifting to the

east there was worry about the villages left behind. In the 1980s the belief was that they would be abandoned. The policy to develop them in place came later."

Consett is being developed in place. One of its success stories, Derwent Valley Foods, is featured in the Department of Trade and Industry's national television advertising of the Government's enterprise initiative. It makes the Phileas Fogg brand of cocktail nibbles.

Another, Blue Ridge Care, is one of Britain's leading manufacturers of disposable nappies and an outstanding example of how to finance a well-managed project with venture capital alone. Gov-

ernment approval came when Lord Young, the Trade and Industry Secretary, opened Blue Ridge's factory extension last November.

Lord Young quotes Consett whenever challenged on Northern unemployment and prospects. He says it is evidence of the Northern economy beginning to take off. When he opened the new Blue Ridge Care building he said he hoped that regional aid and subsidies could be soon be stopped.

Within months, he had abolished the regional development grants that had helped persuade businesses such as Derwent Valley Foods and Blue Ridge Care to set up there in the first place.

However, this fits with the way industrial development is beginning to work. Mr Laurie Haveron is regional manager for BSC Industry - the funding and enabling organisation set up by British Steel to help create jobs in its closure areas.

He is based in Consett and in his early days he was known as "Laurie Have-a-look." He says: "We wanted activity that people could see and be encouraged by. We backed anyone we thought had a chance. Once momentum got going we turned some people away."

"I believe Consett will never go back down again now. There is so much goodwill and demand. The foundations are based on rock. The companies that have set up are well thought-out and well-based. We are building to a critical mass which will enable the local economy to be largely self-sustaining."

However, the local economy is not quite over the shock of 1981, when 3,700 jobs disappeared overnight. There are 5,800 unemployed people in Derwentdale, where Consett lies. Mr Haveron says that regional recovery is still fragile.

It is against this background that County Durham is entering the third phase of its metamorphosis - industrial development driven by market forces. The market's reaction to the shortage of new factory space will be the crucial test of whether the county - or indeed any other part of the North-East - is ready to make this leap.

The test has come unplanned and, possibly, prematurely because two things shortened the timetable.

The first was the wind-up of the new towns of Aycliffe and Peterlee, which provided the county with 300,000 sq ft of new space each year - 60 per cent of requirements. The second has been an unforeseen upsurge of demand in the wake of national economic upturn.

English Estates, the Government's advance factory builder and developer, has not got the funding to fill the breach and Mr Tony Fender, its chief executive, does not believe it should.

He says: "We will be getting more money from the Government. If the private sector is going to come in, now is the time. Lord Young was a property man and he once sat on the English Estates board. He understands the problem."

Part of the problem is the old marketing "push" strategy of heavy promotion and low prices, in this case low rentals for factories and cheap labour to fill them. The low rentals depressed the market so that returns were too low to attract private sector builders and developers.

Rentals are now rising, but will the private sector come in? Given Durham County Council's 50 years of continuous Labour rule and its strongly interventionist role in industrial development since then, it is no wonder there are doubters.

There was support for interventionism from governments of both political persuasions. For example, the Durham County Council Land Act, 1958-63, allowed the council to buy derelict land and disused industrial sites and assist any operations which benefited the county.

Without it, County Durham would be attractive to very few people indeed. The Act created much of Durham's excellent infrastructure, for coalmines, as holes in the ground, usually have no infrastructure to speak of on the surface. It also enabled the county to tackle the awful legacy of mining - hundreds of spoil tips.

Indeed, strangers driving into and across County Durham now from any direction would see nothing to show that this was once one of Britain's most labour-intensive coalfields.

If they are in search of the spirit of Tommy Armstrong, County Durham's "pitman poet" and singer who chronicled life, strikes and death in the mines between 1870 and 1916 to become part of the folklore of British socialism, they will not find it.

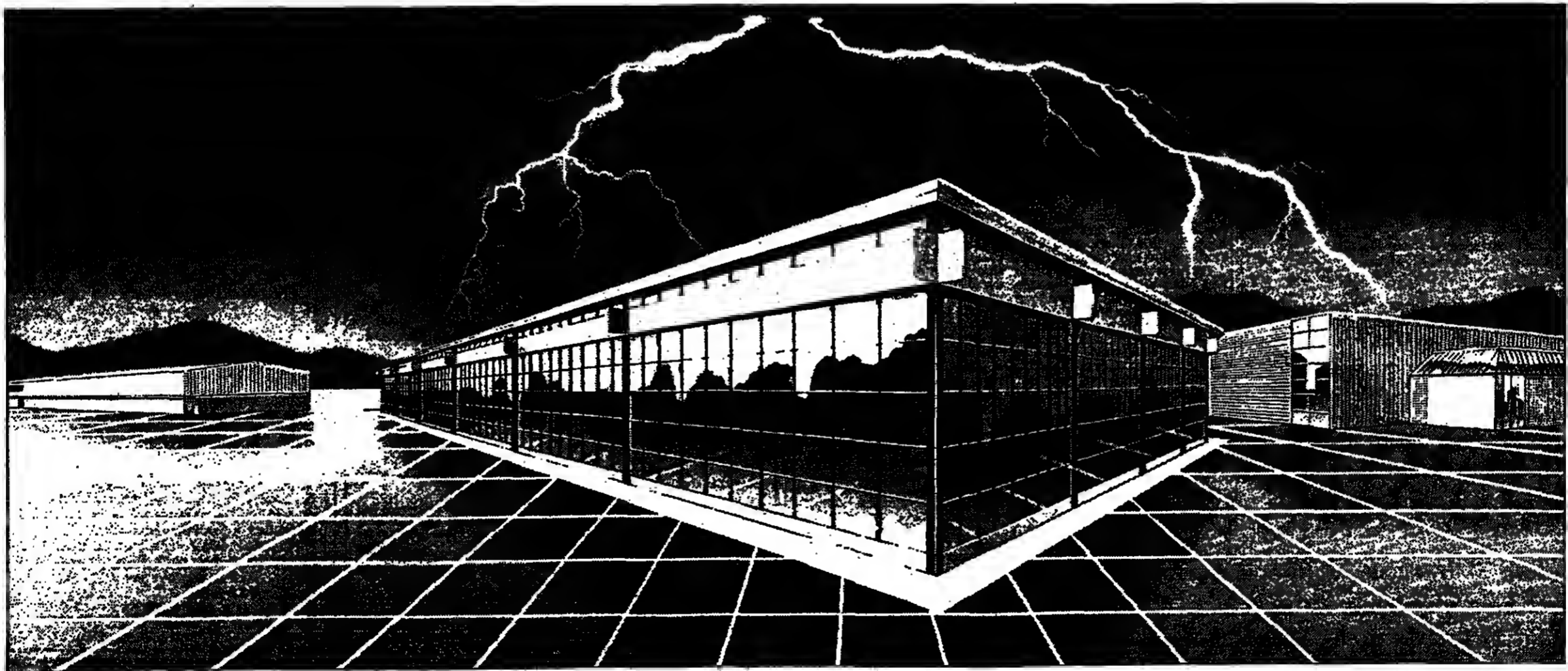
What they will find, however, is pragmatism and changing attitudes. The emergent County Durham Development Company - formed this year by the county council as a flexible arm and "enabler" for industrial development - is part of it.

So is the partnership which one district council is setting up with English Estates and Habitat 67, the property company which has bought the assets of the new towns. Others are looking for similar deals.

Dr Bridge, who returned to the North-East recently after three years in Yorkshire, says: "Restructuring is now apparent where it wasn't three years ago. There has been a big change in attitude and a greater determination among people to help themselves."

Is this the signal that private sector developers will be looking for?

COUNTY DURHAM A FRESH GENERATION OF BUSINESS



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In short, whether you're looking to open up new markets in the north and Scotland, or are a young fledgling business, looking for a more economic base - Durham, the land of opportunity, has a great deal to offer.

Contact the Industrial Bureau, Durham County Council, County Hall, Durham DH1 5UF. Tel. 091 366 4411 ext. 2365.

COUNTY DURHAM 2

Industrial development and growth

Success stories, but still some way to go



The Electrolux plant making Flymo lawnmowers in Aycliffe

BRITISH COAL ENTERPRISE CAN HELP YOU EXPAND OR START UP A BUSINESS IN NORTH EAST ENGLAND.

British Coal can loan money to company's whose business plans will create new jobs in the North East coalfield.

In addition to finance we can also offer a wealth of advice and put you in touch with other job creation agencies in the area.

There are no real limits on the amount of money available except that we usually lend up to 25% of a project's cost, linking our loan to the number of jobs created. We don't expect the investment per job to exceed £5,000.

Business people who are interested should send the coupon below or telephone for our free information pack.

Form with fields for Name, Address, Postcode and contact information for British Coal Enterprise Ltd.



SIR RON DEARING, the former head of the Post Office, has a new part-time job for his retirement. He is chairman of the County Durham Development Company (CDDC), a body expected to play a crucial role in industrial development and growth.

The CDDC was created when it looked as though the Government was going to crack down on local authorities spending money in areas it thought outside their remit. Though aimed mainly at some inner London boroughs it seemed as if Durham's industrial development efforts might be affected.

The idea was that the CDDC could provide a flexible way of responding to the private sector and bridging any gaps with public sector and other agencies in the industrial development field. As a limited company it could also trade, which local authorities cannot.

In any event, the threat from central government receded but the CDDC is still in place because, the council believes, such a bridge is needed anyway. The company was agreed upon last October and started up in January. Mr Les Henson is chief executive.

County Durham is wedged between two conurbations - Teesside and Tyne and Wear - each of which has an urban development corporation that will be funded by the Government to the tune of £150m over five or six years.

Such sums are of the order that used to flow to the region's new towns - Washington and Aycliffe-Peterlee - which are being wound up. They also help explain why the county needs a development company to fight its case in the region and nationally. However, its start-up budget is only £1m, with annual funding of £500,000 the best that can be hoped for later, Sir Ron and Mr Henson have the task of deciding how to use this most effectively.

out the county. "We shall be the focal point for inward investment inquiries," he says. "Ours will be a gateway role into the county so that people need only come to one place for answers and introductions."

The CDDC's co-ordinating role will involve Mr Henson building close links with County Durham's six enterprise agencies, its eight district councils, the university and its research centre, the local small business clubs, and people responsible for government and other regional initiatives, such as BSC Industry and British Coal Enterprise.

He says: "We shall be working to try and develop projects that prime sites if an investor and end-users are available in advance to take over on completion."

Mr Henson came from the county council's planning department, where his old boss, county planning chief Mr James Wilson, has strong interventionist views that have been very helpful to inward investors for three decades.

Mr Wilson says: "Assisting change is what we see as local government's main job. At the moment there is a window of opportunity to maximise the current upturn and I'm sorry that we have not got the resources to capitalise on it."

The CDDC's role as an "enabler" will therefore be a key one in keeping up County Durham's momentum in industrial development. Inward investment is only part of that.

As Dr John Bridge, chief executive of the NDC, puts it: "If you have a fair following wind and are good at attracting inward investment, you get between 15 and 20 per cent of new jobs from it. The rest have to come locally from start-ups and expansions of existing companies."

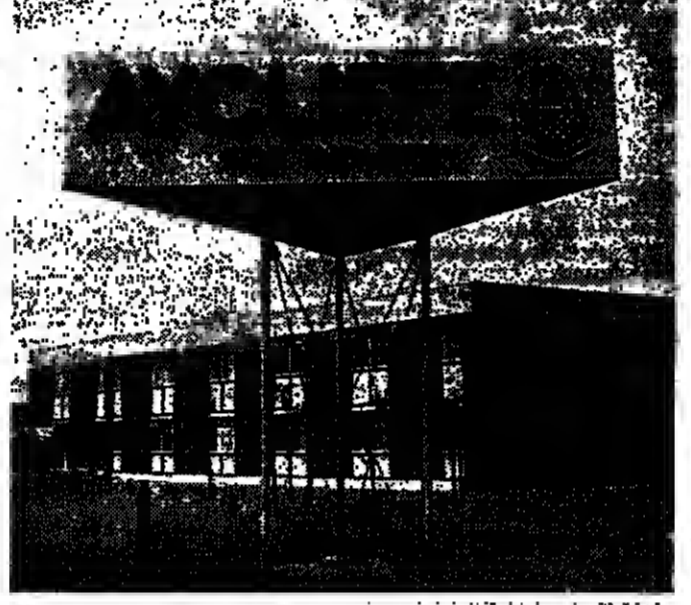
"We don't have all our eggs in three baskets any more"

can be seen to have a beneficial effect on the community. We shall pump-prime projects where we can measure results, such as the Derwent Valley Alpine Skiing Centre.

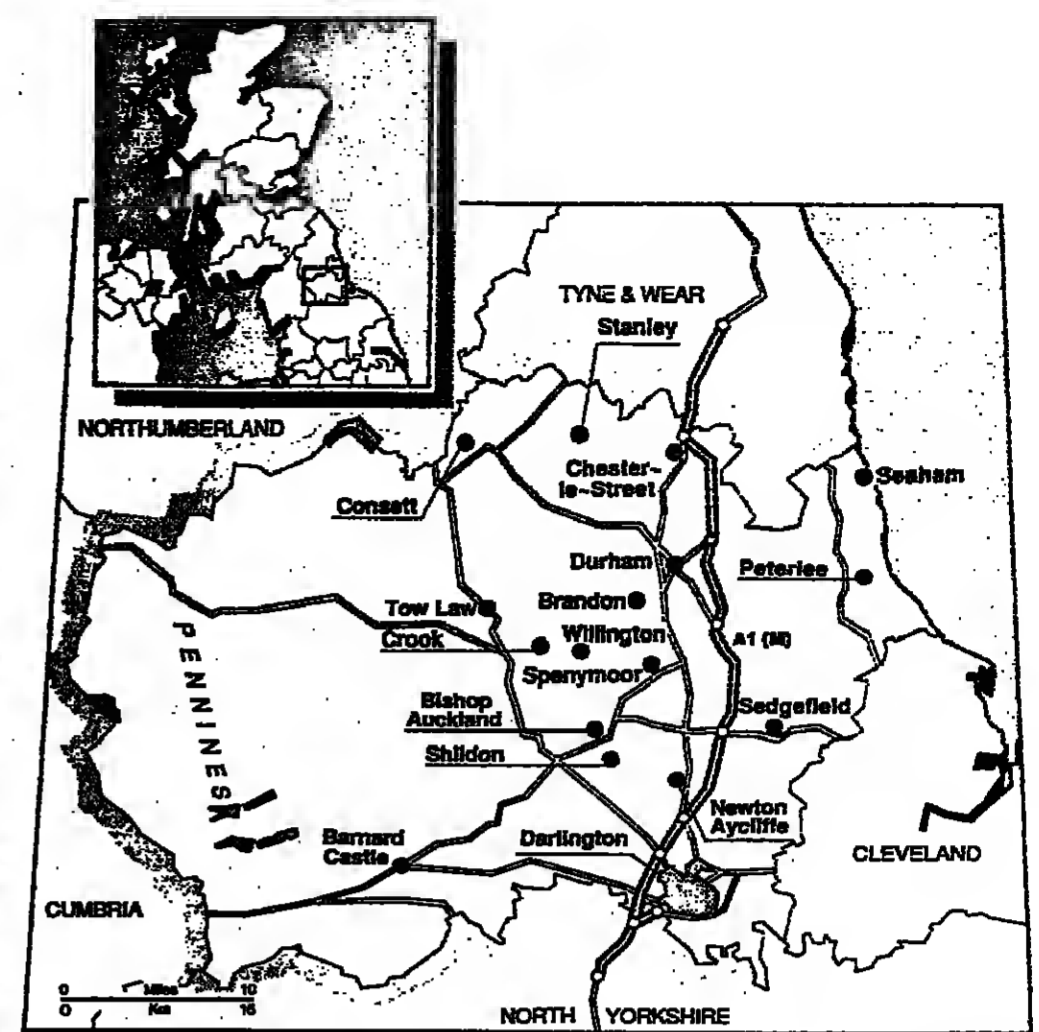
"We want to see existing services marketed better. We see ourselves having an enabling role in the network, cutting through any bureaucracy there may be."

He would prefer English Estates to intervene to help meet the area's factory shortage while bridges are built to attract the private sector developers.

However, English Estates is committed to use new money only in the worst-hit areas where demand is lagging, though it will use its capital receipts to build on



With no more money for Aycliffe, the County Durham Development Company must take up the fight



is the scale of change for the better, with dereliction largely eliminated.

A "Come Home to County Durham Week" is planned for the autumn to open emigrants' eyes and persuade them, if they have the power, to invest.

The change they will find - and which the CDDC is committed to help continue - goes way beyond improvement to the landscape. County Durham was once dominated by coalmining, steel-making and the manufacture of railway engines and rolling stock, industries which employed tens of thousands of people.

Mr Wilson believes that what has happened since their decline has been a triumph for interventionism, planning and aid.

He says: "Our major employers are now in the 1,000-1,500 jobs range. We don't have all our eggs in three baskets any more. There are only 71 companies with more than 200 employees."

The council's directory of companies lists 1,360. The bulk are small or medium-sized. The total network may still be fragile as the economy recovers more slowly in the North than in the South, but the greater breadth of base promises better stability than in the past.

There have also been important developments among some of the inward investors and other new companies in the county.

For example, Black and Decker went to Spennymoor, between Durham and Bishop Auckland, to start a branch factory making power tools but has now joined by another operation - packaging, storage and distribution of

the company's complete range of accessories for the whole world outside the Americas.

Electrolux makes Flymo lawnmowers in Aycliffe. It now has the biggest single concentration of industrial robots outside the car industry.

The first Japanese company to invest in the North-East was NSK Bearings in Peterlee. Last year it expanded by 250 employees to move into the 500-plus range.

Fallen Engineering also employs about 500 people, despite having the largest capital investment in robots in the North-East. It is a car industry supplier - to Ford, Rover and Jaguar - and was one of the first local companies to make parts for Nissan in Sunderland.

It has grown from £1.5m sales and 190 employees in 1981 to £14m sales this year, and also produces gas fires, castings for microwave ovens and IBM computers, and components for Black and Decker.

The plastic pipe industry is also well represented with Wavin

Industrial Products - turning over £10m and employing 450 in Durham - and Uponor in Newton Aycliffe.

At the smaller end of the scale the story of the Kohlangaz Fire Company is, to say the least, warming. It makes coal-effect gas fires in Darlington and in 1984 employed only 12 people. Now there are six factories and 170 employees spread between Darlington and Newton Aycliffe.

Despite such success stories, none of this is yet enough. In 1974, County Durham's unemployment rate was 4 per cent. At the end of last year the rate was 18.8 per cent among men, the major contributors to an overall figure of 15.1 per cent.

The county hopes that developing its tourism industry will create about 2,000 jobs, but that would improve things by only 1 percentage point. Sir Ron and Mr Henson are going to have a very busy time.

Ian Hamilton Fazey Northern Correspondent

Advertisement for Micro Film Services (Northern) Limited, featuring a logo and text about microfilm services.

Over 200 companies have moved in since the steelworks closed Strategy that saved Consett

THE CONSETT story need contain only one dismal note, and that can be disposed of in a couple of sentences.

In 1981, there were 17,000 miners in the district; now there are none. In 1975, there were 5,500 steelworkers; now there are none. The lamentations over these and other losses in Derwentdale were loud and went on for a long time - and quite understandably too. But while the outside world shared voyeuristically in the agony that followed closure of

the British Steel works in 1980, the town was already laying the foundations of a truly amazing civic, business and manufacturing revival.

(Having attended most of the industrial funerals which took place so regularly in this part of the North-East a decade ago, I choose the word amazing with due care.)

Advertisement for Fisher-Price Toys, Peterlee, County Durham, highlighting their 10th anniversary and employment figures.

Advertisement for Alkar Limited, expanding the north and servicing the nation, with details of their services and contact information.

Advertisement for Kohlangaz Coal and Log Effect Gas Fires, featuring a photo of a gas fire and text about their products.

Advertisement for Multi-Arc Surface Enhancement, detailing their titanium nitride coatings and services.

Advertisement for Enterprising People, promoting services in the Wear Valley including grants, premises, and housing.



COUNTY DURHAM 3

A look at some of the exciting work now being carried out in the university

Business school with a mission

NINETY-SEVEN per cent of graduates from the University of Durham have a job within three months of leaving... and of the pressures that now afflict the university, by far the greatest is the incessant and growing demand for more and more qualified young men and women who bear the Durham stamp. Industry, the City, the professions of law and accountancy, and the information-technology sector are all clamouring for them. And the cachet of a degree in the arts, social, or earth sciences from Durham is no less.

ambitious objective, but behind it lies the same robust planning that has made Durham University Business School (Dubs) one of the finest centres of its kind in Europe. Four years ago, Dubs was part of the Social Sciences faculty. Its links with regional and national industry were limited and patchy. Its horizons were modest. In the space of a year, it was transformed. "The university's message to us was clear," says Prof John Machin, Dubs director: "if you're a business school, then go and earn some money."

An honours degree course which ranges from keyboard skills to a year in China

In 1985-86, Dubs income rose to £500,000; the following year, the figure had grown to £1.6m; the 1987-88 total should reach £2m, with only 23 per cent of costs provided by the University Grants Committee. Dubs has developed a simple "mission statement" - a three-point plan which aims to help individual students to improve performance, enhance potential and expand horizons. All the research and teaching is geared to those criteria. In addition, Dubs is run as a business but in symbiosis with all the other university departments. It is also a national and significant arm of the region's industrial and commercial life.

staff are directly involved with dozens of enterprises across the county and the North-East. Equally, Dubs's own board now includes representatives of trade unions and major companies in the North-East. Evidence of the inter-disciplinary strength is abundant but perhaps most excitingly highlighted by the introduction last year of an honours degree course in Chinese and management studies, which will include the acquisition of keyboard skills and a year's living and learning in China. Durham was already a prominent centre for Chinese studies, together with Newcastle University's strength in Japanese, it now has a vital Oriental focus, not just for the existing and burgeoning Asian companies in the North-East such as Nissan, NSK, Komatsu, Itoha and Sanyo - but also the arrival next year of students and staff from Teikyo University, which is transplanting a large part of its campus to Durham's.



Prof Allan Gibb's valuable work with small businesses can make decisions for themselves - and stay in business. His courses reach out not only to those, but to the youth market at school and graduate level. As well as giving training in starting and running businesses, and organising programmes for the Graduate Into Enterprise scheme, Prof Gibb and his colleagues run a highly regarded Export Unit for local firms, a large number of which had never considered the development of markets abroad but which, with Dubs assistance, are increasingly selling overseas. Mr Bill Ferguson, who runs the unit, ticked off seven recent examples - ranging from medical diagnostic equipment to swimming pool apparatus, surface treatment plant and children's wear. Among companies like these, he says, "foreign trade was ad hoc or non-existent two or three years ago; now there's an annual growth of between 15 and 30 per cent in exports."

Applied science, not academic islands

DURHAM UNIVERSITY'S School of Engineering and Applied Science has just completed a collaborative project to develop electrical power systems control software. Used by ICL, the project is now licensed in the Middle East and Australia - and the school has been asked to set up a power systems research centre which would have global influence. Japanese medical engineers came to the school to see the work done by Dr Tony Unsworth on hip joint replacements. Through his knowledge and experience in tribology, he has produced a cartilage substitute which will be the first major advance in two decades of this branch of bio-engineering. Similar international interest has been shown in the hybrid vehicle under development - a car designed to run on batteries or internal combustion engine, with onboard computing to optimise between the two. Successes like these go hand-in-hand with the joint R&D ventures set up four years ago with the universities of Durham and Newcastle and the polytechnics of Newcastle, Sunderland, and Teesside.



David Bellamy: ecology consultancy in Durham

Unlike the much-vaunted science parks, first introduced at Cambridge and Heriot-Watt, the Mountjoy Centre houses enterprises as varied as the University Industrial Research and Development Laboratories, property developers who specialise in conservation schemes, David Bellamy's ecology consultancy, forensic scientists, secretarial services and conference facilities - all knowledge-based enterprises in close formal or informal contact with each other. Generations Ltd, the focus for World Heritage, will operate from here and be linked into the geography, archaeology, library and other university departments. Opened two years ago and run in partnership with English Estates, the first wing of offices and laboratories - some 40,000 sq ft - is 75 per cent let, and there are a further 28 acres of land that could be developed for similar use. The Mountjoy has direct links with all the colleges (only five minutes' walk away) and is already an offshore site for outside and larger companies who need a "shop window" research facility away from their own premises but near to the university's business and science centres. Electronix has taken space for R&D on advanced domestic appliances; there is contract work going on for Glaxo, ICI, Unilever, and water authorities. As far as the regeneration of industry and the emergence of new technology-based companies in the North is concerned, the Mountjoy and its adjoining science and engineering departments, Hesin, and Dubs between them seem to be fulfilling the outlook of Prof Fred Holliday, Durham's Vice-Chancellor. "The only way we can serve County Durham and its region is by being a first-class national and international university which is not a collection of academic islands but a centre of integrated excellence."

Strategy that saved Consett

Continued from Page 2

side's recovery plan - the provision of space and premises (notably on land developed with English Estates North) for new business; and support in the form of grants and soft loans. Mr John Pearson, Derwentside's industrial development officer, came straight from university to the council as the first transforming steps were being

taken. "The council was positive from Day One. They knew they had to spend money, and even though they were not a rich authority - the income from rates is relatively low - they appointed people quickly and set up a new section to rebuild the local economy. The prime goal was to generate replacement jobs, but not any kind of job. The council was looking to a long-term recovery

in which the district would not be as vulnerable to national economic and political oscillations as in the past. Absorption of above-average youth unemployment remains a problem beyond the resources of the authority on its own, but in the other two areas - replacement and indigenous new business - the efforts have been a dramatic success. Everyone talks, almost ad nauseam, of Derwent Valley Foods, makers of savoury snacks and crisps, under the Philips Fogg label and for own-brand clients including Sainsbury and Marks & Spencer. The firm has gone from nothing to 60 employees in less than eight years. And Blue Ridge Care, manufacturer of disposable nappies, has built its considerable sales and marketing success within the Derwentside strategy. Yet these are but individuals - it's shining - jewel in a large and lustrous crown. More than 200 companies have established themselves in and around Consett, creating 3,500 jobs and generating a completely fresh sub-regional economy.

Not once in the 10 years Dida has been operating has the agency failed to meet a request for a total funding package. And for their part, the new businesses are planning ahead every bit as rigorously as Dida and the council, and subjecting themselves to the same critical scrutiny. "There's been a marked change in the business culture," says Mr Carney, "and though there has been a small overall failure rate, not one firm which has been started with venture capital has gone under. He recalls that Lord Young visited Derwentside last autumn and held up the district as an example of industrial rebirth. "We need more of it," says Mr Carney, "with training and skill investment directed towards our youth. That is likely to happen as more firms apply to come to the area."

Integrated programme, along the lines now laid by Dida, the council and associated institutions should bring these ambitions to fruition and meet the long-term aim of a self-sustaining economy in this part of the North. "We're on our way to the point where de-industrialisation will be a notion of the past and when 1950s levels of employment will not be unthinkable. The mood is one of confidence and excitement and a certainty that we've been doing the right thing," says Mr Carney.

Ian Breach

CONTACTS

University of Durham - Keith Seacroft, Information Officer, (051) 374 2946/7. Derwentside Council - John Pearson, Industrial Development Officer, (0207) 568211. Derwentside Industrial Development Agency Ltd - John Carney, (0207) 568124.

Ian Breach

Advertisement for DeSoto Titanine plc. Text: "We're creating more jobs, developing more and better paint systems, giving better protection to aircraft, industrial plant and vehicles, expanding our sales throughout the world, providing contracts for our support industries nationally and locally and helping to regenerate the economy of the North East." Includes logo and contact information for Shildon, Co. Durham.

Advertisement for University of Durham Mountjoy Research Centre. Text: "Looking for success in developing your new product or service? Make the Mountjoy move." Includes a coupon for requesting more information and contact details.

Advertisement for Black & Decker and Flymo. Text: "We didn't say 'do it yourself' to BLACK & DECKER... or let Flymo hover around... or leave Boots standing... we said, 'Put it there'". Includes an image of a hand holding a tool.

Advertisement for Sedgfield District. Text: "Put it there" in Sedgfield District some 300 companies, large and small, have been welcomed with open arms and the occasional helping hand. We'll welcome you and your company, too. Give us a ring on (0388) 811211 and find out how your business will grow in County Durham."

Large advertisement for Aycliffe + Peterlee + Helical Bar. Text: "NOW ALL THE PLUS FACTORS ARE UP NORTH".

Advertisement for Aycliffe + Peterlee + Helical Bar. Text: "When one of the most successful property companies in the south, takes a giant step north, to invest in one of the most successful industrial development corporations... the plus factors are obvious." Includes a diagram showing the combination of three factors.

C&C Computers and Communications

Which One Is NEC?

Pagers that do more than just beep. Ours can give you a message. And they alert you quietly by vibrating. Now that's news.



Colour TVs and VCRs that reach new heights - high fidelity, high resolution and high quality. Now that's a higher form of home entertainment.



The ideal host - host computer, that is. NEC mainframe computers are responding to the needs of all types of offices and all types of requirements.



Can you top this? NEC's laptop computer. Just because it's light doesn't mean the NEC Multispeed is a lightweight. This is one heavy performer.



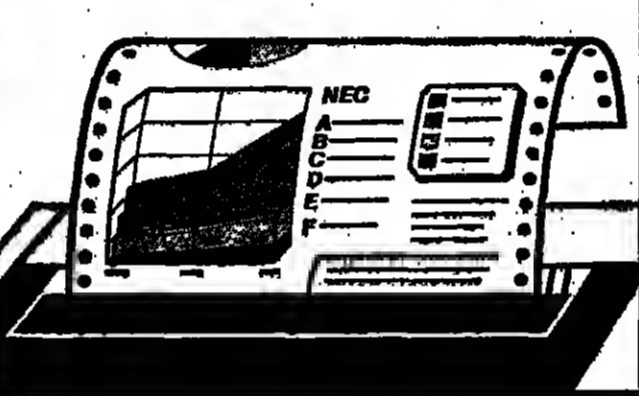
Hair thin fibres that are thick with information - NEC's fibre optic technology makes communication of all kinds - voice, data, text, images - as clear as a bell.



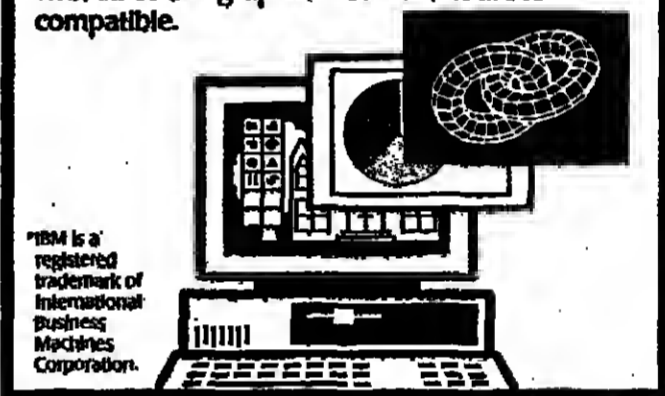
Chips that are stacked in your favour. NEC makes the semiconductors and other electronics found in our products. So you can be sure of NEC quality through and through.



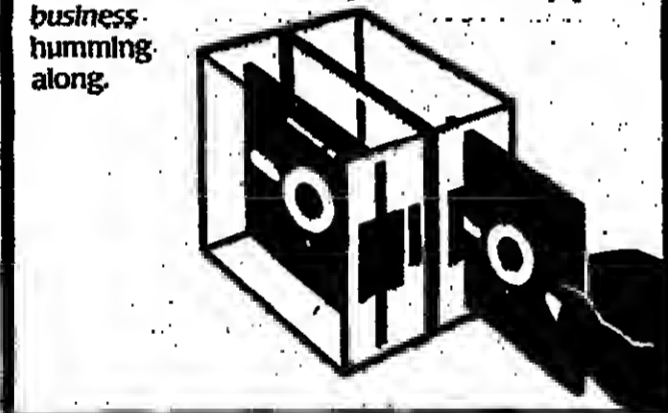
The perfect printer for today's office? NEC makes it. It's called the Pinwriter P2200 and it produces letter-perfect letters at a speed of 56 cps.



Get in sync with our Multisync Monitor - it automatically scans all frequencies between 15.5 KHz and 35 KHz, which means it is compatible with all colour graphics boards that are IBM compatible.



Disk drives that keep driving - NEC disk drives earn high marks for durability and dependability the world over. Just what you need to keep your business humming along.



For those with driving ambition - NEC's mobile phones offer a variety of features along with compact convenience. No wonder, they're the talk of the town.



NEC is proud to sponsor international sports events like last December's Davis Cup Final in Sweden, the Federation Cup and the fledgling World Youth Cup competition. We also sponsor the NEC World Series of Golf and the prestigious Everton Football Club of the English League.



The true fax - NEFAX, a facsimile machine that sends text and graphics over the phone lines in seconds, and fits on your desk next to the phone!



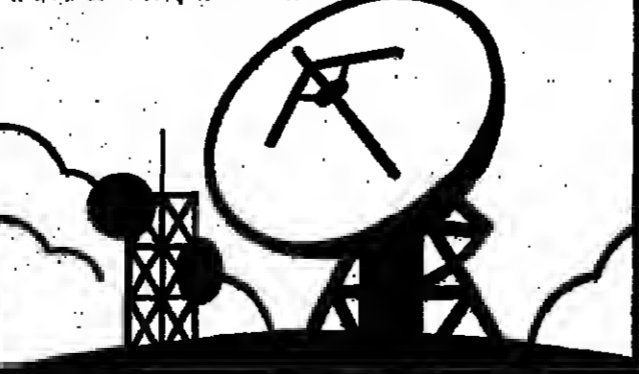
A CD-ROM that's on the cutting edge - NEC data storage products are known for their quality. And our CD-ROMs are no exception.



Is anyone there? If you're using an NEC PBX and key phone system, that's one question your caller won't have to ask. Together, they make short work of complicated switchboard operations.



Satellite communications with down to earth benefits - like bringing the world to every corner of Britain. NEC's microwave radio systems help make corporate communications more efficient, worldwide.



All Of Them.

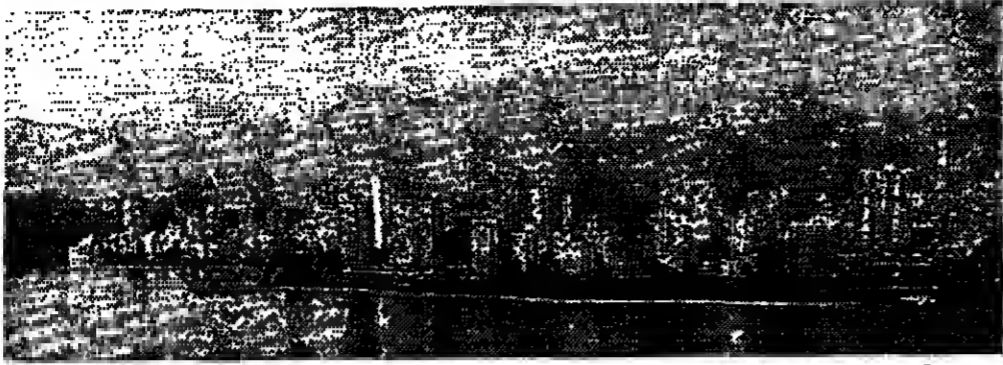
Surprise! NEC is one of the world's largest manufacturers of computers and communications equipment. And because we are committed to seeing society benefit from the integration of these C&C technologies, the advances pioneered by NEC in all fields of technology touch your life every day. Which one is NEC? Now you know; we're all of them. And that's only the beginning. Because in the world of C&C, there's more to NEC.

NEC

David Owen charts the economic recovery of a Canadian Pacific province

Vancouver awakes to a new spring

THE CANADIAN Pacific coast city of Vancouver is among the prime beneficiaries of the flight of people and capital from Hong Kong ahead of the 1997 transfer of the British colony's sovereignty to China.



Going westward: Vancouver's healthy prospects have drawn people and capital from Hong Kong

South-east Asian investors are estimated to have acquired during the past five years about 5 per cent of downtown Vancouver's commercial property. Their holdings include the swanky Georgia Hotel and the better part of two blocks of Robson Street, known locally as Robson Strasse for its upmarket European retail outlets.

Their confidence in Vancouver's prospects had seemed until recently largely misplaced, as this picturesque and temperate metropolis struggled through the depths of a sustained slump. But today, the capital injection, which last year helped to boost the price of local apartment blocks by an estimated 20 per cent, is seen as just one aspect of an increasingly evident regional economic revival.

Improvement was a remarkable 28.7 per cent. In December, the number of people employed in the province was up fully 6.1 per cent from December 1986. Real earnings are climbing at an estimated 4.5 per cent, having fallen by 3.5 per cent as recently as late 1986.

Not surprisingly, the main engine of the upturn has been the forest products industry, which accounts for close to 17 per cent of British Columbia's provincial output. At the end of November, the sector's value of shipments was up a startling 68 per cent from November 1986.

Israel seals off territories amid fears of strike

Continued from Page 1 including his own Labour Party, to take tougher measures, in an attempt to stamp out the unrest as quickly as possible.

West Germany arrests six suspected Soviet agents

BY DAVID GOODHART IN BONN The WEST GERMAN security services yesterday detained six men on suspicion of spying for the KGB, the Soviet secret service, in the second series of arrests of suspected Eastern bloc spies within a week.

Markets fall on fears for \$ and world economy

Continued from Page 1 The dollar is also showing increasing signs of weakness on foreign exchanges and could be in for a testing time in the coming weeks.

Supporters of restrictive trade laws out of touch, says Reagan

PRESIDENT Ronald Reagan, in a campaign-style jab at his Democratic Party opponents, yesterday accused advocates of restrictive trade legislation of being out of touch with economic reality.

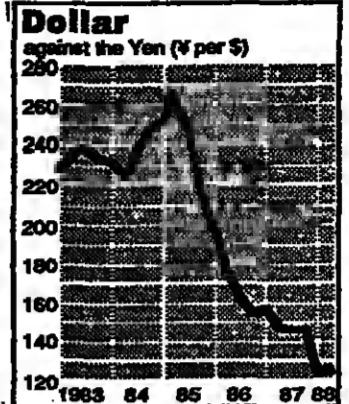
UK central bank chief seeks to clarify policy on £

By Philip Stephens, Economics Correspondent, in London MR ROBIN Leigh-Pemberton, the Governor of the Bank of England, yesterday sought to clarify policy towards sterling by stressing that the official aim was to promote exchange rate stability as long as it was compatible with efforts to hold down inflation.

THE LEX COLUMN

Searching for an Easter message

It is not easy to argue that all this is just a correction, but it is still possible. The London market has fallen six days running since the end of the Budget account, and the FTSE has lost over 100 points in total.



including the bank's headquarters may be put on the block to save the bank, the dividend remains untouched. However, judging by the recent slump in the shares of Standard Chartered, which are now yielding 11 per cent, this piece of banking love may soon be tested.

World Weather table with columns for location, temperature, and weather conditions.

Airbus faces cost shake-up Continued from Page 1 about Airbus' finances, which are kept confidential, or for a change in the legal status of Airbus Industrie, which is established under French law as a groupement d'intérêt économique.

Taiwan to buy more gold Continued from Page 1 ally preferred to put their money into tangible assets such as property. The Taiwanese have been deterred from going through legal channels to import or trade in gold because the 5 per cent import duty makes the metal that much more expensive than in duty-free areas such as Hong Kong.

ANZ. The bank with the global view. Includes a world map and text describing ANZ's international banking services and branches.

INTERNATIONAL COMPANIES AND FINANCE

La Générale protagonists tick off days to the EGM

William Dawkins sets the scene for next month's confrontation in a long and acrimonious bid battle for the Belgian holding company

U.S. \$40,000,000 Industrial Bank of Finland Ltd. Guaranteed Floating Rate Notes Due 1994

The Kingdom of Thailand U.S.\$85,000,000 Floating Rate Capital Notes due 2000

THE DEADLOCK in the bitter struggle for control of Société Générale de Belgique, the holding company which plays a pivotal role within the Belgian economy, has become complete over the past week.

Supporters of Mr Carlo De Benedetti, the Italian financier who has shaken the Belgian establishment with his audacious bid, and his enemies in the rival Franco-Belgian consortium...

Groupe AG, the Belgian insurance company. Indeed, some of their shareholders are still said to be divided over the wisdom of continuing to fight Mr De Benedetti at such huge cost.

Stock market analysts now reckon there are no uncommitted shareholders left to bid for. Yet the present split in ownership, with fiercely opposed sides both holding enough shares to veto board decisions, makes La Générale unmanageable.



Viscount Etienne Davignon: 'Everybody ready to negotiate'

burden of their enormous investment in a battle which has run longer and at greater cost than either imagined. The first sign of strain came 10 days ago when Suez issued a FF4.5bn convertible bond...

ally, a fiercely independent man who has always tended to distance himself from La Générale. It is said to be thinking in terms of seeking an accommodation with Mr De Benedetti.

It is not clear how strong the agreements are that bind the Franco-Belgian consortium's members. But Mr De Benedetti is still thought to be working hard at wooing some of the smaller members...

Belgian law forbids agreements stipulating how shareholders should vote. Marc de Brouwer, head of research at Petercam, the Brussels stockbrokers, says: "Now that he has sold Buloni to Nestlé, he can at least afford to wait to see if someone in the Suez-AG camp might walk away."

Another uncertainty is the legal status of the 12m shares that La Générale tried to issue to friendly shareholders in January to dilute Mr De Benedetti's stake.

Naturally enough, Carrus challenges the Appeal Court decision, itself a reversal of two earlier rulings by the Brussels Commercial Court, and says it will take legal action if the new shares are accepted at the EGM.

Swire Pacific Limited

1987 Final Results

The profit for 1987 was HK\$2,396.1 million, an increase of 34.3% over 1986. There were no extraordinary items in 1987 (1986: HK\$1,382.2 million profit). The audited consolidated results for the year ended 31st December 1987 were:

Table with 4 columns: Item, 1987 HK\$m, 1986 HK\$m, and a sub-column for 1986 HK\$m. Rows include Turnover, Operating profit, Net finance charges, Net operating profit, Profit before taxation, Profit after taxation, Profit for the year before extraordinary item, Profit attributable to shareholders, Earnings per share, Dividends per share, and Net assets per share.

The profit for 1987 increased by 34.3%. Earnings per share, which have been calculated by reference to the profit before extraordinary item and the weighted average number of shares in issue during each year, have been adjusted to reflect the capitalisation issue made in June 1987.

Cathay Pacific Airways Limited reported attributable profits 71.4% higher than those of 1986. Hong Kong Aircraft Engineering Company's attributable profit increased by 20.6%.

Final dividends. The directors of Swire Pacific Limited will recommend to shareholders at the annual general meeting on 26th May 1988 the payment of final dividends of 43.0¢ (1986: 36.7¢) per 'A' share and 8.6¢ (1986: 7.3¢) per 'B' share.

Investment properties and net assets per share. In accordance with the policy of the Group, the annual valuation at open market value of investment properties was carried out at 31st December 1987 by professionally qualified executives of Swire Properties.

Financing. Net borrowings at 31st December 1987 amounted to HK\$8,631.4 million compared with HK\$7,108.3 million a year earlier. This decrease was mainly attributable to a reduction of net borrowings within the property division which, to some extent, was offset by an increase in the net borrowings of Cathay Pacific Airways.

Prospects. The current year has started well for Cathay Pacific Airways and, given reasonably stable economic conditions, the airline continues to regard the future with confidence.

The Annual Report for 1987 will be sent to shareholders on 4th May 1988.

H.M.P. Miles Chairman

Hong Kong, 24th March 1988

Swire Pacific Limited The Swire Group Swire House, Hong Kong

Legrand earnings climb 40%

BY GEORGE GRAHAM IN PARIS

LEGRAND, THE French electrical equipment manufacturer, has reported a 40 per cent increase in net profits last year to FF7467.8m (880.5m).

A pick-up in housing construction in France, which provides the main market for Legrand's electrical fittings and wiring, helped sales to climb by 4.3 per cent to FF4,946m last year. The group also improved its productivity, boosting gross cash-flow to FF746.8m, or 15 per cent higher than last year.

The company will propose a 12 per cent increase in its dividend to FF298 per ordinary share and FF600 per preference share.

Goodman plans Fl 71m offer for Meneba. GOODMAN FIELDER Wattle, the big Australian foodstuffs group which has a 29.5 per cent stake in Meneba...

Valeo, THE French motor components group, returned to the black last year with net profits of FF308m (367.8m), after a loss of FF130m in 1986.

Valeo's results include eight months of earnings from the low-making Renault radiators business, sold in 1986 to Rockwell of the US. The business contributed a FF180m exceptional loss to last year's accounts.

Forbo to increase payout

BY JOHN WICKS IN ZURICH

FORBO, THE Swiss floor and wall coverings group, plans a SF52m rights issue in registered shares at SF700 each and proposes to step up its dividend.

At the same time, Forbo will pay an initial SF76 on its new participation certificates.

Group turnover rose by 32 per cent to SF1,171m, partly as a result of acquisitions in West Germany, the US and Switzerland.

Glaverbel posts fourfold increase in net income

BY WILLIAM DAWKINS IN BRUSSELS

GLAVERBEL, THE Belgian glass maker which recently took a 20 per cent stake in AFG Industries of the US, yesterday unveiled a near fourfold increase in net profits for 1987.

The net surplus rose to BFL1,97m (868m) on turnover up by 12 per cent to BFL2,501m. Stronger demand and higher prices were the main external reasons for the improvement, which also reflected the benefits of earlier investments in improved productivity.

Yesterday's results come nearly a year after the group was floated on the Brussels Stock Exchange. During that time, the share price has climbed sharply from its BFL1,850 subscription level to yesterday's BFL3,750.

The Kingdom of Thailand U.S.\$60,000,000 Electricity Generating Authority of Thailand U.S.\$195,000,000 Floating Rate Notes due 2005

Petroleum Authority of Thailand U.S.\$145,000,000 Floating Rate Notes due 2005

Lloyds Merchant Bank

KONE KONE FINANCE N.V. Guaranteed by KONE CORPORATION USD 150,000,000 Euro-Commercial Paper Programme

Wells Fargo & Company U.S. \$200,000,000 Floating Rate Subordinated Notes due 2000

HALIFAX BUILDING SOCIETY Floating Rate Loan Notes Due 1995 (Series B)

NORWAY'S FOREIGN EXCHANGE BANK Union Bank of Norway is one of the biggest and most experienced participants in the Forex market with particular expertise in Scandinavian currencies, both spot and forward.

INTERNATIONAL COMPANIES AND FINANCE

Haig Simonian on the battle for control of West Germany's biggest newspaper group Axel Springer gives lawyers a field day

TAKE Mr Leo Kirch, a 60-year-old Munich film magnate, Mr Franz and Mr Frieder Burda, two members of a prominent south German publishing family, and a motley group of inheritor-executors of a dead press baron.

Give them about a quarter each of the shares and assume a hefty dose of mutual antagonism, and the battle which started last week for control of Axel Springer Verlag, West Germany's largest newspaper group, becomes easier to understand.

Add an appreciation of Germany's *Volkswirtschaftsaktien* - registered voting shares - which can be bought, but whose voting rights are used by the purchaser without the company's permission, and all should be clear.

This is the mess that has emerged from the empire built up by the late Mr Axel Springer, one of the most famous names in German newspapers, who died in September 1965.

The group - which includes titles like *Bild* Zeitung, the sensationalist mass circulation newspaper, *Die Zeit*, the weekly TV magazine, and *Die Welt*, the quality daily - began with a radio magazine in Hamburg in 1946.

It grew into one of Europe's largest newspaper and magazine concerns, with annual sales of almost DM5bn (\$1.8bn). But since the early 1980s, both diversification and geographic expansion have been stymied.

Thus, a plan in 1981 to sell a 26 per cent stake to the Burda group, which would later have raised its holding to an overall majority, was turned down by the Federal Cartel Office. Two years later, Burda managed to avoid an antitrust investigation

by taking a non-blocking 24.9 per cent.

Mr Springer's motive then, as in 1985 when he floated off 49 per cent of the shares via a private placement, was to guarantee the company's political and editorial direction for the future while injecting outside capital to finance growth into new areas like satellite and cable television.

But Mr Springer, an ultra-conservative whose papers still refer to the neighbouring German Democratic Republic in quotation marks, also took care to put in a series of safety nets. First, his holding company, Axel Springer Verlag für Publizistik, would retain a 26.1 per cent stake. Combined with the 24.9 per cent owned by the Burdas, who he considered politically and commercially acceptable, there would be a 51 per cent majority.

Moreover, the highly successful private placement, which raised some DM550m, involved registered shares only. Thus voting rights for any holding over 0.5 per cent could only be transferred with the company's approval.

Herein lie the roots of the present dispute. Although Mr Kirch bought 10 per cent on flotation and has subsequently gained indirect control over a further 16 per cent through sympathisers, has no seat on the supervisory board.

Quite what Mr Kirch, a reclusive and controversial man, has in mind for Springer remains unclear. But he controls one of the world's biggest feature film libraries. So exploiting Springer's existing direct and indirect stakes in one of Germany's leading cable TV channels to provide a captive vehicle must be one obvious attraction, let alone the

further development of the group's own TV and video interests.

Last year it looked as though Mr Kirch had struck a deal bringing him closer to his goal. An agreement on working together was reached with the representatives of the Springer estate, led

FAMILY interests led by Mrs Friede Springer, widow of Mr Axel Springer (right), have started building up their stake in the Springer company and now hold 27.1 per cent against 26.1 per cent previously. Mrs Springer has told Stern, the news magazine, in an interview released yesterday. Mrs Springer said she had been ready to give Mr Kirch more influence in the group in order to restore calm. However, she had first required him to disclose more about his own assets and he had refused.

not necessarily concur with the trustees own interpretation of upholding the founder's faith.

Hence Mr Kirch's decision to turn to the Burdas, culminating in a formal agreement last week to pool their holdings into a majority.

The shareholding arithmetic



by Mr Bernhard Servatius, an executor who is now chairman of the supervisory board, and Mrs Friede Springer, the founder's widow.

The Springer inheritors were worried the company was becoming unmanageable. In particular, the Burdas had grown more independent-minded and had supported Mr Günter Prinz, the group's deputy chief executive, in his long-running feud with Mr Peter Tann, the head of its managing board. The dispute, an unwelcome and embarrassing distraction, ended last May with Mr Prinz's resignation.

But the verbal accord between Mr Kirch and the trustees proved short-lived, largely on account of a growing awareness that Mr Kirch's plans for the group did

has yet to be verified by the cartel office, which will launch an investigation if it thinks competition is at risk.

But the chances of it blocking the deal are slim. Mr Kirch's interests are in film, while the Burdas are no longer involved in the family's substantial publishing activities, which are now controlled by another brother.

In the meantime, Mr Springer's trustees and inheritors are up in arms. What they can do to stop the Kirch-Burda pact is another matter. The original accord between Mr Springer and the Burda family gave each the right of first refusal to the other's shares in the event of a sale. The lawyers look set to have a field day.

One decisive influence may be

Tokyo SE refuses listing for News

By Stefan Wagstyl in Tokyo

NEWS CORPORATION, Mr Rupert Murdoch's master company, has been refused a listing on the Tokyo Stock Exchange.

The company has fallen foul of exchange regulations on disclosure. The exchange requires groups applying for a listing to meet minimum profitability requirements both for the consolidated group and the parent company.

There is nothing wrong with Australia-based News Corporation's group record, which reflects its worldwide interests in media and entertainment. But the exchange believes profits for the parent alone in 1985 do not meet its criteria.

For the year to June 1985, the holding company reported less than A\$5m (US\$2.7m) in net earnings before extraordinary items. Profits the following year jumped to A\$94.2m.

Consolidated figures, in part reflecting its international activities, were far larger at A\$98.1m for 1984-85 and A\$242.3m the year after.

Tokyo Stock Exchange officials refused to comment on the case and News executives were not available to respond. But it is understood that the rule was never intended to catch companies as large as News Corporation, which is listed in Australia, London and New York.

The regulation was devised a year ago, after a Japanese company applied for a listing with a parent company track record which excluded the results of a loss-making subsidiary.

Exchange officials are unlikely to make any swift changes in the rules. However, News Corporation could wait until another financial year is completed at the end of June and the outstanding 1985 figures can be dropped from the track record.

About 100 foreign companies are listed on the Tokyo Stock Exchange. News Corporation would be the first newspaper group - foreign or domestic - since major Japanese newspapers are privately owned.

News Corporation owns 20.5 per cent of Pearson, parent company of the Financial Times.

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Bankers Trust Company, London Agent Bank

Jardine Strategic maiden result

BY DAVID DODWELL IN HONG KONG

JARDINE STRATEGIC Holdings, the recently created Hong Kong investment company that holds substantial stakes in Jardine Matheson and its trading subsidiaries, yesterday reported net earnings after tax of HK\$24m (US\$6.2m).

No comparable figures were provided since Jardine Securities, the company's predecessor, did not equity-account for its main associated companies - in particular the retail group, Dairy Farm, the Mandarin Oriental

hotels side, and the Hongkong Land property group. Jardine Strategic made an exceptional gain in the year of HK\$250m, reflecting its share in Hongkong Land's profits on the disposal of properties and the bulk of its land bank.

The creation of Jardine Strategic was the last stage in a restructuring of Jardine Matheson in the past two years that has played a large part in rescuing the group from near bankruptcy. Jardine Matheson holds a 41

per cent stake in Jardine Strategic, which in turn has a 41 per cent cross-holding. Jardine Strategic also holds the group's controlling stakes in its three main operating subsidiaries - 40 per cent in Dairy Farm, 26 per cent in Hongkong Land and 35 per cent in Mandarin.

Cathay Pacific Airways was incorrectly described in the Financial Times of March 26 as a subsidiary of Jardine Matheson. Cathay is in fact controlled by Swire Pacific.

Vamgas takeover boosts earnings at Santos

BY OUR FINANCIAL STAFF

SANTOS, the Adelaide-based oil and gas producer, lifted net profits by 41.1 per cent last year as a result of its A\$201.6m takeover of Vamgas, a fellow participant in the Cooper Basin energy project.

Total income rose to A\$607.3m from A\$431.7m. The company is planning an expansion overseas in order "to target larger oil discoveries" than were available in onshore Australian prospects in

any event, though Santos doubled the number of exploration wells drilled last year.

Sir Brian Masy-Greene, chairman, said the outlook was clouded by weak and volatile product prices and a firming Australian dollar. However, costs remained under tight control. The annual dividend is 19 cents a share against 16 cents, and a one-for-10 scrip issue will qualify for the first 10 cents payout.

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£33,000,000 as the Initial Tranche of the Series C Notes

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

John Barham on a change of heart towards debt to equity deals

Brazil a convert to conversion

AT THREE o'clock today, Mr Danilo Ferreira, the Rio de Janeiro stock exchange's official auctioneer, will ceremoniously begin Brazil's first foreign debt auction.

can sell unwanted Brazilian loans at the auctions. Banks offering the auctioneer the largest discount will win the right to convert their loans.

The central bank is anxious to make the first auction a success, though it has not set a minimum discount this time. Instead, it hopes market forces will set the discount.

operational details are issued later this year. Executives involved in debt conversion are cautiously optimistic.

Restrictions

These funds, irrigated by money flowing from the debt sales, will buy small stakes in companies quoted on the stock market.

Black market

For all their misgivings, bankers and businessmen say debt conversion is important, since it is one of the few sources of long-term capital available to Brazilian industry.

Black market

Meanwhile another, less welcome, consequence of conversion has been the revival of the currency black market.

Provisions hit French offshoot of Barclays

By George Graham in Paris BARCLAYS BANK SA, the French subsidiary of the UK clearing bank, has reported heavy losses for 1987 following its parent company's decision to increase provisions for sovereign debt risks.

Stronger pound prompts four Eurosterling deals

BY CLARE PEARSON

FOUR BORROWERS tapped the Eurosterling market for a total of £280m yesterday. The bonds were spurred by a combination of attractive financing opportunities for the issuers in the swap market and an improvement in market sentiment as sterling strengthened.

reserved response. "It's correctly priced but should have come a week ago," said one dealer, noting two other sovereign credits, Swedish Export Credit and Sweden, had both issued five-year bonds last week.

requirement of the borrower, the lead manager said. Late in the day, Union Bank of Switzerland (Securities) announced a \$100m two-year 8 per cent bond for Toronto Dominion Bank, priced at 101 1/4.

Link between Nasdaq and Singapore SE under way

BY ROGER MATTHEWS IN SINGAPORE AFTER SEVERAL postponements, the link between Nasdaq (the national market system of the US National Association of Securities Dealers) and the Singapore Stock Exchange finally got under way yesterday.

Beijer Capital sets up currency options market

BY SARA WEBB IN STOCKHOLM SWEDISH investors and institutions can already use share and interest rate options, and OMF, the first options market to set up in Stockholm, had announced plans to start offering currency options.

CME limits on S&P futures, made permanent

By Deborah Hargreaves in Chicago

THE CHICAGO Mercantile Exchange yesterday set permanent price limits on its Standard & Poor's 500 stock index futures contract as part of its continuing effort to calm volatility in the market.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with multiple columns: Country, Issuer, Maturity, Coupon, Yield, and Price. Includes sections for US STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLES, and PLANNING RATE.

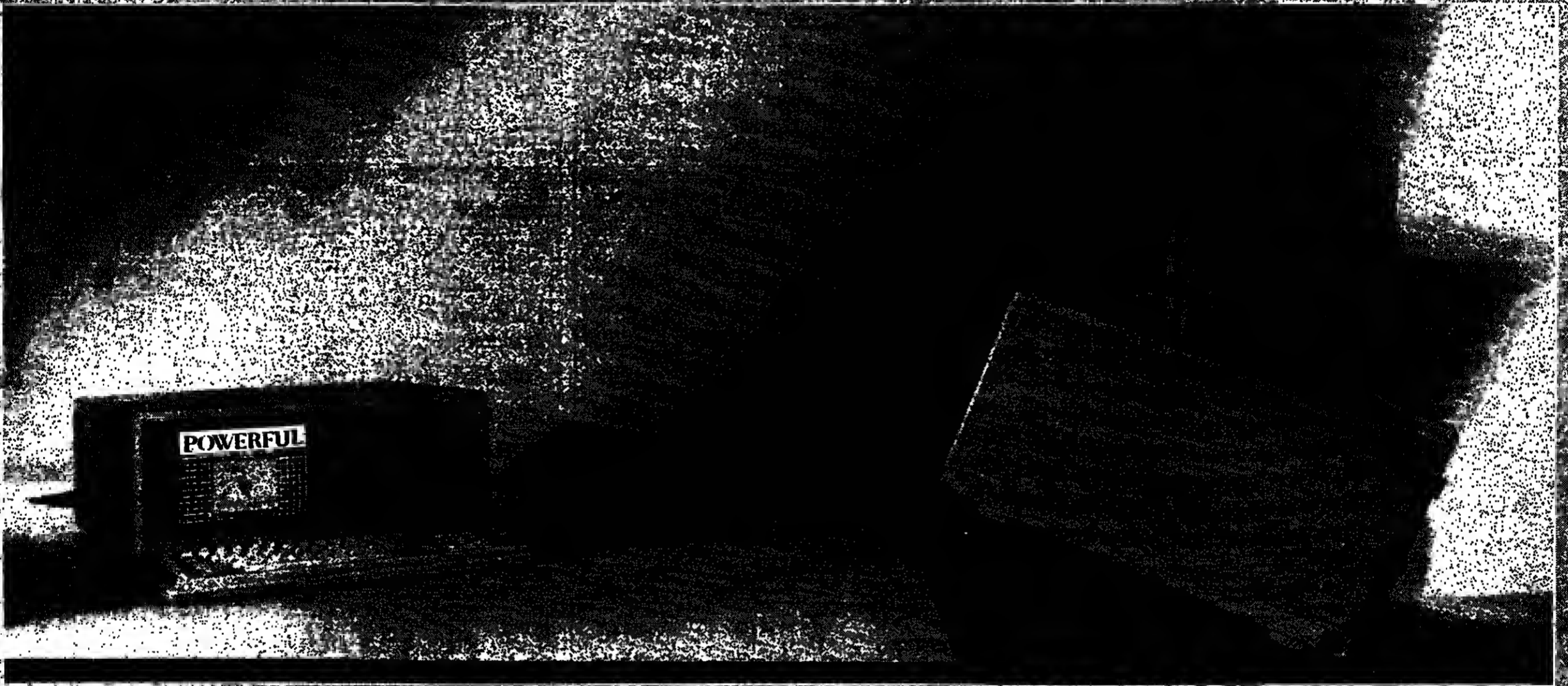
The Coca-Cola Company advertisement. Includes logo, Atlanta, Georgia location, and list of partner banks: Schweizerischer Bankverein (Deutschland) AG, Commerzbank, Aktiengesellschaft, CSFB-Effektbank, Deutsche Bank, Dresdner Bank, Banca del Gottardo, Banque Bruxelles Lambert S.A., Baring Brothers & Co., Bayerische Vereinsbank, BHF-BANK, J. P. Morgan GmbH, Schweizerische Bankgesellschaft (Deutschland) AG, Westdeutsche Landesbank Girozentrale, Crédit Commercial de France, DG BANK, Deutsche Genossenschaftsbank, Swiss Volksbank, Trinkaus & Burkhardt KGaA.



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UK COMPANY NEWS

Koppers in white knight talks to fight Beazer

BY RODERICK ORAM IN NEW YORK

Koppers, the US aggregates and chemicals group, has begun talks with third parties on a deal designed to thwart the \$1.7bn takeover offer of Beazer, the UK house builder.

The Pittsburgh company declined to give the number or identity of the friendly suitors or whether they were discussing the purchase of all or part of the company. It also rejected as inadequate Beazer's improved offer of \$60 a share, saying it would pursue instead a recapitalisation or negotiated transaction with other investors.

Beazer had no immediate comment on Koppers' talks with one or more white knights. However, it said last week it would sue the company if it tried to sell its core building products business.

Koppers gained a small advantage late on Friday when a federal court in California granted a temporary restraining order preventing Beazer from completing a takeover before April 4.

The court decided it needed more time to study the takeover's potential anti-trust implications - both companies have aggressive businesses in southern California. The Justice Department in Washington had already cleared the takeover on condition Beazer sold a Koppers plant in Los Angeles.

Beazer said the injunction would not affect the takeover bid because it expired three days before the closing date for its offer. In the meantime, Beazer believes it can continue to promote its offer. However, Koppers plans to seek a preliminary injunction stopping the bid indefinitely, Beazer would be able to appeal against any ruling.

Norcros demands 4% stake disclosure from Williams

BY CLAY HARRIS

Norcros, the building products and specialist print and packaging group, intends to try to force Williams Holdings to disclose the identity of the buyer to which the industrial conglomerate sold its 4 per cent stake in Norcros last week.

The move by Norcros, which narrowly defeated a takeover bid by Williams last spring, underlines the zeal with which the group pursues any hint that a new predator may be building a stake. Williams sold the shares in a single block outside the market last Tuesday.

Norcros said yesterday it would demand disclosure from Williams under Section 213 of the Companies Act. Normally, this provision is used to discover the beneficial ownership of shares registered under nominee names.

By serving notice on Williams, however, Norcros intends to avoid a delay of six to eight weeks, the time it normally takes for new names to appear on the share register.

Mr Nigel Rudd, Williams chairman, said yesterday that the purchaser had insisted on secrecy as a condition of the transaction.

Norcros has used Section 213 several times before - to uncover stakes held by Bunal, the packaging group, in February 1986 and by Colcord, the home furnishings company, earlier this month. Both companies subsequently sold their shares.

Norcros's close scrutiny of its share register reflects a widely held perception that it is vulnerable to takeover.

In part, this reflects the diversity of its businesses which include H&R Johnson, Europe's largest maker of ceramic tiles; the UBM builders' merchant chain; packaging including tins for cigarette packs; and specialist printing including magnetic tape tickets for British Rail.

However, the group has also gone through four months without a full-time chief executive after the dismissal of Mr Terry Simpson last November. The vacancy has now been filled by Mr Michael Doherty, former chief executive of Cope Allman International, who takes over next week.

With Norcros shares up higher at 40p yesterday, the group has a market value of £300m.

Really Useful rises 14%

By Raymond Snoddy

THE London production of Andrew Lloyd Webber's current hit Phantom of the Opera turned into a profit in December and made its first contribution to the Really Useful Group's half year results.

The company yesterday announced a 14 per cent rise to pre-tax profits of £2.5m in the six months to December compared with £2.2m for the same period in 1986 on turnover up from \$8.4m to £11.8m.

Apart from the London Phantom recovering its costs in November the Really Useful Group's performance was boosted by the success of productions of Cats in cities as far apart as Melbourne, Stockholm and Budapest.

Mr Keith Turner, the company's managing director, said yesterday that the diversification into publishing through the acquisition of Aurum Press, now in dispute with Mr Robert Maxwell over Tom Bower's Maxwell: The Outsider, and moves into interactive information systems was being undertaken as part of the group's strategy to increase its turnover to more than 27 per cent.

Sales of the UK album of Phantom had boosted the performance of the company's record and music publishing divisions and the record £15m in advance bookings for the Phantom in New York should lead to profits by the end of this year or early next.

There is an interim dividend of 4.5p (4.1p) set per share.

The Really Useful chairman Lord Gower said yesterday that "the outlook for the second half of the current financial year remains encouraging and the board continues to seek out exciting opportunities for the group's further expansion."

Philip Coggan profiles AAA, which is ready for the main market

Colly sows seeds for the future

MR KERRY PACKER is a tough business opponent as many people - from the world's cricketing authorities to Mr Robert Holmes à Court - have found.

But earlier this year, the Australian entrepreneur lost out in a takeover bid - not to a fellow Antipodean raider like Sir Ron Briarty, but to a small British private company called Anglo American Agriculture.

AAA's AS2.10 per share offer for Colly Farms, the Australian cotton group, topped Mr Packer's earlier AS1.85 offer and won swift acceptance from Colly's shareholders as well as from its board.

The AAA offer, which valued Colly at AS78m, did not come from out of the blue. Mr John Campbell, a merchant banker with Noble Crossart, was on the board of both companies and was a friend of the Northern Irish Shaw family which had a key 38 per cent stake.

But, nevertheless, the acquisition was quite a coup for a British group which had turnover of only £1m in 1986.

Snapped by its success, AAA plans to switch from trading under Rule 585 (2) to a main market listing in June, after it completes a £18m private placing designed to fund the acquisition of Colly. Based on the current Rule 585 (2) market price, AAA is capitalised at around £220m.

It will be only the second company to join the plantations sector since the Second World War and the first ever listed company to have its base in "New World" agriculture.

AAA was started in 1961 by its chairman, Mr David Pinesent, who had been a director of the Eastern Produce plantations group in the early 1970s. Eastern briefly prospered with the backing of the Jessel Securities conglomerate, but Mr Pinesent sold out in 1973 just before the crash undermined both the Jessel empire and Eastern's ambitions.

However, Mr Pinesent retained his enthusiasm for the sector and once exchange controls were lifted in 1979 he decided there was scope to build a new plantations group in more politically and economically stable areas of the globe.

"My ambition is to create another Eastern Produce but based on the developed, rather than the third, world," he says.

Anglo American's early base, as its name implies, was in the US. It acquired California whey yards in 1981 and has gradually expanded into table grapes, stone fruit and recently citrus products. In addition, AAA has a 26 per cent stake in Doane and Western, a leading US farm management company which also has interests in real estate brokerage.

But it is the Colly acquisition which is the keystone to AAA's future. Cotton prices boomed last year, after slumping to 36 US cents per pound in 1986, and although prices are down from their peak, the key Collock "A" index is still showing around 65 cents per pound.

The Australian cotton industry may have only a small percentage of the world market (around 5 per cent of world exports) but it is an efficient low-cost producer. Colly's costs are only around 36 US cents per pound and the premium cotton it produces trades at 5-10 cents above the average market price.

Commodity prices are notoriously volatile and the outlook for cotton prices is complicated by US farm subsidies which effectively protect the country's cotton producers from any fall in the world market price.

In the medium term, given the US's 38 per cent share of world cotton exports, that may indicate that there is scope for the cotton price to fall substantially.

But Mr Pinesent believes that there is a limit to the generosity of US taxpayers. In the long-term, Australia's cost advantages, based on lower land and water prices, should stand Colly in good stead.

There is also the chance that Colly could strengthen its market position. Colly originally had an agreement to buy Auscott, Australia's largest cotton company, from Mr Packer who abandoned the deal after the stock market crash.

However, AAA claims that the deal is still legally enforceable and hopes that Mr Packer will come to terms.

If Mr Packer does agree a deal (he made a handsome profit on the sale of his Colly stake) that will leave AAA with 40 per cent of the Australian cotton market. And with only 27,000 acres of Colly's 125,000 acres of land currently planted with cotton and a new AS15m gin recently opened, AAA will have scope to increase production dramatically.

Certainly, Mr Pinesent is confident that there is plenty of potential for profit in the agricultural sector. "Our philosophy is to try to concentrate on niches," he says "and to buy premium properties since the additional margin usually justifies the additional price. When times are hard, it is the marginal producer who gets squeezed out."

China Clays poised for US expansion

BY NIKKI TAY

English China Clays, the Cornish-based industrial, quarrying and construction group, yesterday announced that it is poised to expand further into the United States with the purchase of the calcium carbonate business of Cyprus Minerals, the US quoted company.

ECC supplied on the briefest details of the proposed acquisition, and says that it does not intend to make any further comment until the deal is signed.

It does, however, say that the size of the acquisition will be comparable with its recent purchase of J. L. Shiley, the Minnesota-based aggregates company. Shiley was acquired for \$78m cash in January.

The deal with Cyprus is still dependent on approval from both companies' boards and on certain Government approvals. In addition, negotiations of documentation have yet to be completed. The sale is expected to be concluded in the second quarter of 1988.

The deal is likely to cover Denver-based Cyprus's calcium carbonate mine and mill at Sylcauga in Alabama, a mill at Cartersville, Georgia, and some underdeveloped reserves in Vermont and California.

Cyprus Minerals, which was spun off from Chicago oil company Amoco in 1983, is broadly spread mining and minerals company.

Yesterday's announcement came after the market had closed. ECC shares were 2p lower at 39p.

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FINANCIAL TIMES

Edinburgh Oil & Gas cuts loss

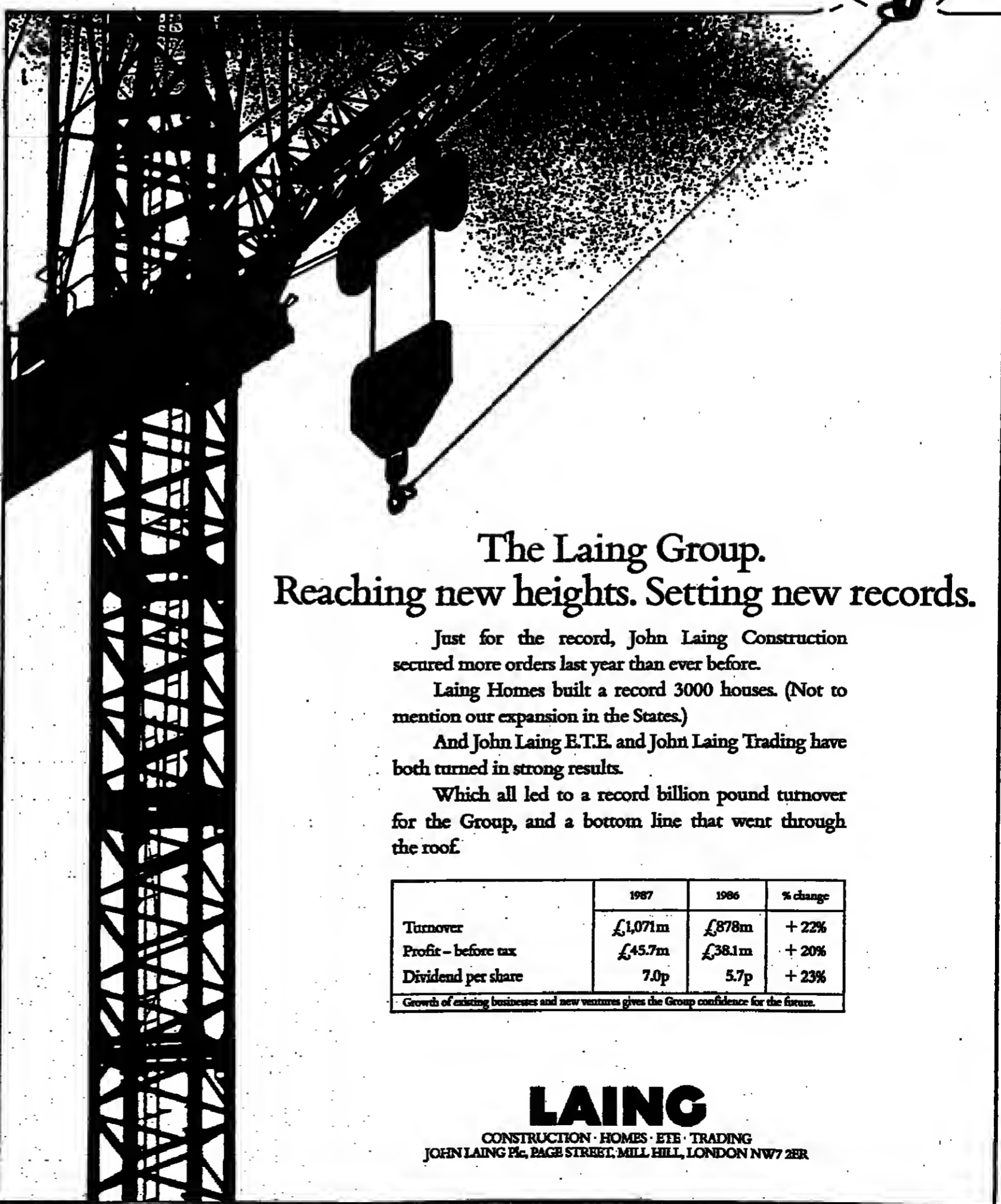
Edinburgh Oil & Gas, exploration company, announced a loss of £200,000 before tax for the year to December 31 against a £718,000 loss in 1986. Turnover was down to £238,000 (£250,000) and the loss per share was 2.35p, against losses of 6.51p. As in 1986, no final dividend was proposed.

Assam-Doors Hldgs advances to £657,000

Assam-Doors Holdings, investment company, announced pre-tax profits of £657,317 for 1987, compared with £543,190 in 1986. Earnings per share increased to 42.09p (40.57p) and there was an extraordinary dividend of £24,908 (£28,852). A final dividend of 10p (9p) for the year was recommended.

West. Doors rises

Western Doors Ten Holdings, investment holding company, made profits of £260,550 before tax, against £274,000. Earnings per share were 23.15p (18.65p) and the directors proposed a final dividend of 7p (6p) for the year.



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Profit - before tax	£45.7m	£38.1m	+ 20%
Dividend per share	7.0p	5.7p	+ 23%

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March 1988

المجلة الإلكترونية

TECHNOLOGY

UK water clocks in for tariff experiments

COMPULSORY water meters will be installed in British homes...

industry will have had time to evaluate the results of the trials...



In the second part of this series, Clive Cookson examines plans to monitor water used in British homes...

The water industry has to find a new way of charging households for their water...

The trials should show how much people will reduce consumption if they have to pay for running their taps...

The Government is contributing about £10m, but has not said whether it will subsidise more widespread water metering...

There will be one extensive trial covering the whole of the Isle of Wight (53,000 households) to find out what problems will arise during large-scale installation...

One controversial issue is whether to install meters indoors or out. The Government favours indoor meters because they are usually cheaper to install...

The water industry, however, generally favours installation in a chamber outdoors. Water authorities could read and maintain meters more easily...

Irrevocable Decision

Eventually the indoors/outdoors controversy could be resolved by new developments in electronics which make it possible to communicate with meters in different positions...

Two trials will test "doorstep billing". The person who comes to read the meter will print out a bill on a portable computer...

The metering trials will enable the industry to carry out some fascinating experiments with tar-

iffs. Five different structures will be tested.

The simplest is a "flat rate tariff", similar to that used by gas and electric utilities.

Most trials will have a "rising block tariff" designed to reduce demand. Households pay more per unit as their consumption rises.

Northumbrian Water will do the reverse in its trial in North Yorkshire. It has excess supplies of water and will operate a declining block tariff designed to encourage consumption.

Two sites will have a "seasonal tariff", charging more in summer than in winter.

Two other trials will test a "peak demand tariff" which raises charges during the morning and afternoon when con-

sumption is high. For this the meters will be connected to electronic multi-rate units with timers.

Until recently few people in the water industry believed that the Government and water authorities would really push through national metering.

Managers at the only significant UK water meter manufacturer, Kent Meters, like to point out that their company was founded on the strength of an unfulfilled promise to meter London water supplies in the 1880s.

But now that the trials are definitely going ahead the manufacturers are becoming more enthusiastic.

The peculiarities of British plumbing mean that the vast majority of the world's water meters are not accurate enough for the UK.

The household meters used in most parts of the world contain a simple propeller or turbine driven by the flowing water.

They cost as little as 25 each but cannot accurately record the very low rates of flow characteristic of the indirect British plumbing system.

In the type of meter specified by British water authorities - known as a Class D meter and costing about £12 - the water drives a rotary piston. The UK

market currently amounts to about 150,000 Class D meters per year, which are supplied to small businesses and households that request metering.

Three companies make these meters: Kent Meters would be the most obvious beneficiary of widespread water metering in Britain.

Kent - a subsidiary of Asea-meter manufacturer, Kent Meters, like to point out that their company was founded on the strength of an unfulfilled promise to meter London water supplies in the 1880s.

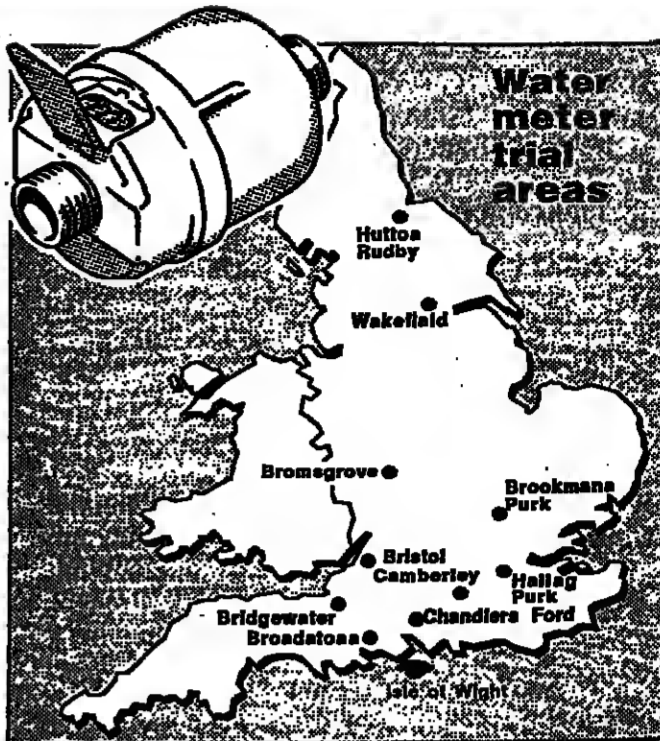
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They cost as little as 25 each but cannot accurately record the very low rates of flow characteristic of the indirect British plumbing system.

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production within three years.

But Martin Hall of the Water Research Centre, Swindon, who is co-ordinating the National Metering Trials, says all meters in the trials are likely to be made by Kent, Socam or Neptune.

Of course a lot more equipment will be required besides the meter itself, and manufacturers of water pipeline and meter installation products are looking forward to the extra business.

One of the most innovative companies in this field is Atlantic Plastics of Cardiff, which has developed a compact glass fibre box to house outdoor meters instead of the traditional concrete chamber with a cast iron lid. The "Alphas" box can be fitted with an electronic read-out, and the meter reader touches a plate on the lid with a "wand" to transmit the reading to his hand-held computer.

British Gas thinks electric: As long as it runs on batteries

ALL TYPES of household meter - gas, electricity and water - use the same basic technology today as 100 years ago.

The great virtue of the traditional mechanical gas meter, which measures flow by the number of times the gas displaces a pair of diaphragms, is that it is accurate over a very wide range, from 1.5 to 200 cubic feet per hour.

Therefore British Gas, which buys more than 1m meters a year, is strongly motivated to look at different ways of measuring domestic consumption, and the company is actively promoting the development of an entirely new type of meter.

It held a competition last year to design and develop a meter which would be no bigger than a brick and would have an electronic interface with home automation and remote reading systems. Twenty companies from the UK and abroad submitted designs, and this month British Gas announced the four winners which it will support financially.

The choice caused considerable surprise in the industry. British Gas rejected all proposals based on more compact mechanical meters - including one from UGI, the Hanson subsidiary, which currently manufactures half the meters bought by British Gas.

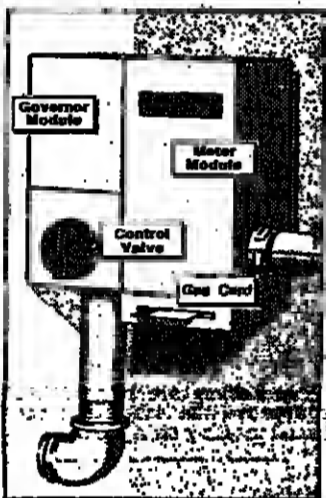
The four successful companies put forward more radical projects involving electronic meters and novel measuring techniques. They are: Thorn EMI Flow Measurement, based in Manchester - the only other manufacturer currently supplying British Gas with domestic meters.

Thorn EMI will use the new technique of silicon micro-engineering to reduce a flow sensor one-tenth of a millimetre long within a silicon chip. A small fraction of the gas flow is diverted through the sensor, where it deflects a thin beam of silicon on a cantilever.

Jeavons Engineering based at Tipton in the West Midlands - British Gas's main supplier of the governors which are fitted to meters to regulate the household gas pressure.

FMI, a Siemens subsidiary based in Oldham - one of the four UK manufacturers of electricity meters. A gas meter will use an ultrasound technique, firing tiny pulses of high-frequency sound through the gas and measuring the extent to which the sound is chased by the gas's speed of flow.

Michael Gij a small electronic design and research company in Lynton, Hampshire. It is proposing a different type of ultrasound meter which has no manufacturing ambiguity.



British Gas modular design for a future household gas installation. It has a brick-sized meter, a governor to regulate pressure, an on-off switch and a slot for an electronic payment card.

insists its meters must not take power from electricity mains. Some manufacturers regard this attitude as shibboleth arising from the historic rivalry between the gas and electricity industries, but British Gas believes independence makes commercial sense.

The winners of the design competition think they have a golden opportunity to seize a share of UGI's UK gas meter sales - estimated at more than £15m a year - and to break into previously untapped export markets.

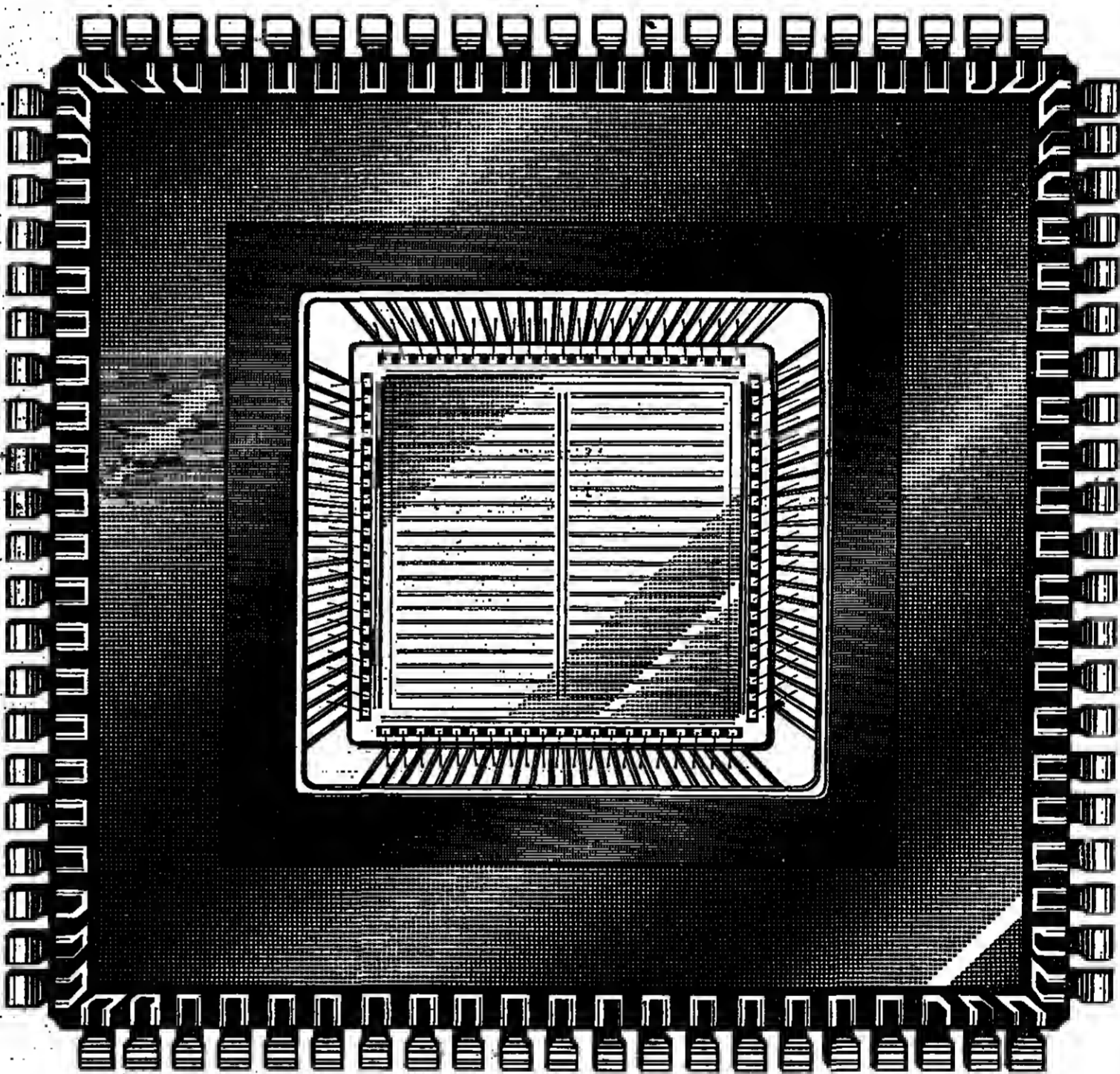
Jim Brown, managing director of Jeavons, says "high-tech" gas meters could double the company's turnover to around £24m a year.

FMI's design originates from an ultrasound meter developed by Siemens to measure the flow of hot water in German apartment blocks. According to FMI managing director Tim Sheppard, the Siemens group sees the British project as the basis of a move into the international market for gas meters.

Thorn EMI's motives are more defensive. Fursessing an end to its lucrative monopoly with UGI, the company plans to use the new technology to increase exports.

But hope remains for the "losers" of the competition. British Gas is encouraging UGI and five other companies which proposed new mechanical meters to continue development work from their own resources.

UGI researchers are also developing an electronic register for meters, which would allow for the distorting effect of temperature variations on gas volume and show the amount actually consumed. The company estimates that a meter installed in a box outside the house, as is now standard practice, underestimates consumption by four per cent because of temperature variations during a typical British year.



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the department for Enterprise

COMMODITIES AND AGRICULTURE

Australian nickel miners back at work

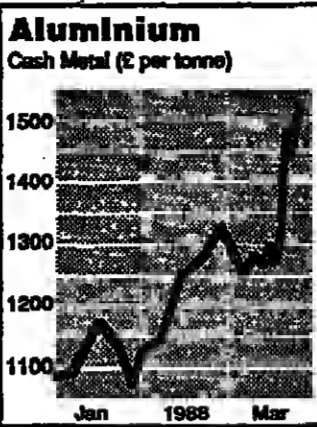
By Chris Sharwell in Sydney

SOME 600 miners at Western Mining Corporation's nickel mine in Kamalinda, Western Australia, were back at work yesterday after reaching an agreement with the management on Thursday last week.

Nickel and aluminium set fresh price records

By Kenneth Gooding, Mining Correspondent

NICKEL AND aluminium prices continued to set records on the London Metal Exchange yesterday. The shortages causing the unprecedented price rises were underlined by news that LME stocks of both materials crashed again last week from their already dangerously low levels.



LME Warehouse Stocks (Change during week ended last Friday)

Table with 2 columns: Commodity and Price. Includes Aluminium standard (1,000 to 23,200), Aluminium high grade (2,000 to 21,700), Copper Grade A (1,000 to 20,500), Lead (1,000 to 20,000), Zinc (1,000 to 20,000), Tin (1,000 to 20,000), Silver (50,000 to 19,600.00).

Stocks in its warehouses fell by 150 tonnes last week to 1,788 tonnes, not much above the lowest point on record - 1,802 tonnes in August 1982.

Less gold used in coins last year

By Kenneth Gooding

ABOUT 200 tonnes of gold (6.4m troy ounces) was used in bullion coins last year compared with the record 387 tonnes (about 12.4m ounces) in 1985, according to research by the Geneva-based World Gold Council.

Wine heads agenda at EC farm council

By David Buchanan in Brussels

A MAJOR push to complete the European Community's agricultural reform package will come today with EC Agriculture Ministers being pressed to accept a compromise "stabiliser" plan on wine.

Cut-price sales row undermining coffee pact

By Deborah Hargreaves in Chicago

THE FOUNDATIONS of the International Coffee Organisation's agreement on price-support are constantly being eroded by discount sales to countries outside the organisation, according to coffee traders in New York.

Jamaica agrees bauxite price

JAMAICA AND the Soviet Union have resolved a disagreement over the price of bauxite which the island is selling under a 7-year contract to the USSR.

China scales down maize exports as domestic demand climbs

CHINA'S INCOME from maize exports is coming under increasing pressure from low international prices and a cutback in shipments forced by rising domestic demand.

International sugar pact comes into force

THE INTERNATIONAL SUGAR Agreement, which was due to come into operation on January 1, has finally come into force following a meeting at the end of last week under the auspices of the United Nations.

LONDON MARKETS

Zinc prices collapsed yesterday after touching 13 1/2-year dollar highs in the morning. The 3-month price closed at \$248.50, down \$24 on Friday's close.

Table of LONDON METAL EXCHANGE prices. Columns: Commodity, Previous, High/Low, AM Offered, Korb close, Open Interest. Includes Aluminium, Cash, 3 months, 6 months, 12 months, Copper, Lead, Zinc, Tin, Silver.

Table of LONDON METAL EXCHANGE TRADED OPTIONS. Columns: Commodity, Calls, Puts. Includes Aluminium (88.7%), Tin, Copper (Grade A).

India's diamond industry back on growth course

By R.C. MURPHY IN BOMBAY

INDIA'S DIAMOND industry is back on its growth course following a brief setback resulting from last October's stock market crash. The main problem now, however, is to upgrade supplies of rough stones so that the upward momentum can be kept going.

finished stones. A strong tradition of trust enables traders to hand over roughs to cutters fully confident of their proper finishing and safe return.

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EUROPEAN OPTIONS EXCHANGE

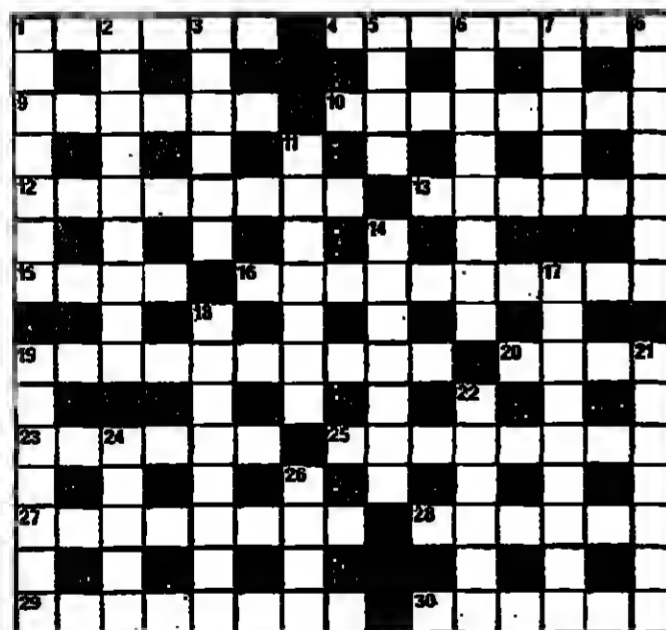
Table with columns for Date, Buy, Sell, and various stock symbols like GOLD, ENE, etc. It lists market data for European options exchange.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including columns for bank names and interest rates.

Advertisement for Finstat, featuring the text 'When prices matter - Finstat delivers the FT prices online, Unit Trusts, Equities, Gilts, Indices. Daily to your desktop computer.' and the Finstat logo.

FT CROSSWORD No.6,593



- ACROSS
1 One in position to fish (6)
4 Goes on foot or shipping line (8)
9 The flower of golden youth, it's said (5)
10 Call on principal domestic power supply (4,4)
12 Set out in untimely wind (8)
13 Please move the wood (5)
15 Run from communist (7)
16 Finished perhaps a pound too heavy (10)
19 Crossing over carelessly on foot, following bird (10)
20 Am obliged to make mould (4)
22 More collected in prison (5)
23 Remarkable individual (8)
27 Hump? Or kalamchoe possibly (3)
28 Glass firm has a suggestion overturned (6)
29 Transfer business income (8)
30 Notice, in the past, there's one inside that's slow (8)
DOWN
1 Complain about rubbish nuisance (7)
2 Additional entrance uses old railway line (9)
3 Rip off using hand tool (6)
5 Placed face up (4)
8 In college this girl would sound sentimental (8)
7 Alternatively add 8, so to speak (5)
8 Clement upset? Tantalus (7)
11 Eastern Europeans are said to have tedious holidays (7)
14 Isn't art another form of travel? (7)
17 Trying porridge, followed by fish (9)
18 Trains here for battle (8)
19 Kitty puts flag on vessel (7)
21 Rain admit and died in excessively high wind (7)
22 Ancient silver lode is unusual (9)
24 Freshwater mammal becomes much warmer after an hour (5)
26 Previously in contact with church (4)
Solution to Puzzle No.6,592
L A I N S S E Z F A I R H E
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D R O T U D I N S O F A R
S M I Y C E U O
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FT UNIT TRUST INFORMATION SERVICE

A large, multi-column table titled 'AUTHORISED UNIT TRUSTS'. It lists various unit trusts, their managers, and other details. The table is organized into sections like 'Allied Unit Trusts', 'City Financial Services', etc.

Handwritten signature or mark at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

Handwritten note: 10/10/10

Main table containing unit trust information, including columns for company names, fund names, and numerical values. Includes a sub-section for 'INSURANCES'.

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Main table listing various unit trusts with columns for company name, type, and other details. Includes sub-sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

Handwritten signature or initials at the bottom of the page.

Handwritten text: "Londino" in a circle.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Type, and other details.

Table of LONDON SHARE SERVICE, including sections for BRITISH FUNDS, FOREIGN BONDS & RAIS, AMERICANS, INT. BANK AND O'SEAS GOVT STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, and LOANS.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

AMERICANS - Contd. Table listing various American companies and their share prices.

CANADIANS Table listing various Canadian companies and their share prices.

BANKS, HP & LEASING Table listing banks, hire purchase, and leasing companies.

BEERS, WINES & SPIRITS Table listing companies in the beer, wine, and spirits industry.

BUILDING, TIMBER, ROADS Table listing companies in the building, timber, and roads sectors.

BUILDING, TIMBER, ROADS Contd. Table continuing the list of companies in the building, timber, and roads sectors.

CHEMICALS, PLASTICS Table listing companies in the chemicals and plastics industry.

DRAPERY AND STORES Table listing companies in the drapery and stores industry.

DRAPERY AND STORES - Contd. Table continuing the list of companies in the drapery and stores industry.

ELECTRICALS Table listing companies in the electrical industry.

Table listing companies in the electrical industry (continued).

ENGINEERING Table listing companies in the engineering industry.

ENGINEERING - Contd. Table continuing the list of companies in the engineering industry.

FOOD, GROCERIES, ETC Table listing companies in the food, groceries, and other sectors.

HOTELS AND CATERERS Table listing companies in the hotels and caterers industry.

INDUSTRIALS (Miscel.) Table listing miscellaneous industrial companies.

INDUSTRIALS (Miscel.) - Contd. Table continuing the list of miscellaneous industrial companies.

INDUSTRIALS (Miscel.) - Contd. Table continuing the list of miscellaneous industrial companies (continued).

INSURANCES Table listing companies in the insurance industry.

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LONDON SHARE SERVICE

INSURANCES - Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Garages and Distribution

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

PAPER, PRINTING, ADVERTISING - Contd

PROPERTY

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TEXTILES - Contd

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TRUSTS, FINANCE, LAND - Contd

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OIL AND GAS - Contd

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Stock Exchange dealing classification are indicated to the right of security names in Alpha-Beta, v Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominated in £25. Estimates of price and net dividends are based on latest annual reports and accounts and, where possible, are based on half-yearly figures. P/E ratios are calculated on a two-distribution basis, earnings per share being computed on profit after taxation and available ACT where applicable. Dividend figures indicate 20 per cent or more difference if calculated on a two-distribution basis. Dividend figures are based on "minimum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional provisions but including estimated extent of ACT. Dividend figures are based on a two-distribution basis and allow for value of deferred dividends and rights.

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

TRADITIONAL OPTIONS

A selection of options traded to date on the London Stock Exchange Market Page

LONDON STOCK EXCHANGE

Equities suffer further losses in thin turnover while Gilt-edged move higher

Account Dealing Dates table with columns for Month, Day, and Account type.

THE RE-AWAKENED concern over the outlook for the US dollar continued to take its toll of the UK equity market yesterday.

The day started poorly, with the FT-SE futures contracts quickly falling to discounts against the underlying index.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Secs, Fixed Interest, Ordinary V, Gold Mines, etc., with columns for Mar 28, Mar 29, Mar 30, Mar 31, and Year.

The stores sector showed wide spread falls but these were generally of a minor nature compared with other areas.

A revival of currency worries in the face of yesterday's weakness in the dollar combined with last Friday's sharp reaction on Wall Street set the seal for an extremely sensitive day's trading in the international stocks.

Not all London's worries emanated from the other side of the Atlantic, however.

The day's trading was complicated by the switch to UK summertime last weekend.

strong "buy" recommendation from securities house Kleinwort Grieveson where Mr Norrie Morrison, banks analyst, favours the bank above the other clearers.

Standard Chartered, on the other hand, remained on the receiving end of the market and dropped 15 more to 425p in front of tomorrow's preliminary figure.

Leading Breweries staged a resilient performance with quotations showing little alteration at the close of business.

Resisting the trend, Beaufort advanced 10 to 185p in the wake of news that David Palmer has acquired a 15 per cent stake in the company.

Lucas Industries, a poor market last week on the 156m rights issue proposal, came under renewed selling pressure and dipped 14 to 54p.

Fearing the worst, the equity market opened 17.3 points down on the FT-SE scale, and slipped to a near 30 point loss ahead of Wall Street's opening.

London's pre-occupation with the US market was complicated by the switch to UK summertime last weekend.

The FT-SE 100 index closed 21.4 down at 1746.5, for its sixth successive session of losses.

Merchants banks stood up well to the overall buffeting the market received.

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FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of EQUITY GROUPS & SUB-SECTIONS with columns for Index No., Day's Change, and various sub-sections like Capital Goods, Building Materials, etc.

FIXED INTEREST

Table of FIXED INTEREST with columns for Index No., Day's Change, and various interest rates like British Government, 5 years, etc.

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS with columns for Option, Calls, Puts, and various stock options like Allied-Lynx, Biff. Almon, etc.

TRADING VOLUME IN MAJOR STOCKS

Table of TRADING VOLUME IN MAJOR STOCKS showing volume for various stocks like ASA-MFI, Allied-Lynx, etc.

RISES AND FALLS YESTERDAY

Table of RISES AND FALLS YESTERDAY showing rises and falls for various categories like British Funds, etc.

LONDON RECENT ISSUES

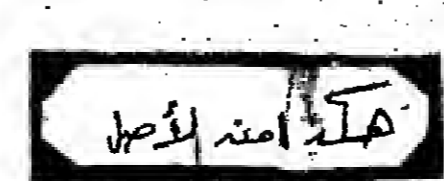
Table of LONDON RECENT ISSUES with columns for Issue No., Issue Name, and other details.

FIXED INTEREST STOCKS

Table of FIXED INTEREST STOCKS with columns for Issue No., Issue Name, and other details.

"RIGHTS" OFFERS

Table of "RIGHTS" OFFERS with columns for Issue No., Issue Name, and other details.



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WORLD STOCK MARKETS

Table of stock market data for Australia, Canada, Denmark, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

Table of stock market data for Canada, including Toronto prices and various Canadian stocks.

Table of stock market data for Japan, including various Japanese stocks and indices.

Table of stock market data for Australia, including various Australian stocks and indices.

INDICES

Table of financial indices including Dow Jones, Nikkei, and various regional indices.

Table of over-the-counter market prices for various stocks.

Table of London price changes for various commodities and currencies.

Advertisement for F.T. hand delivered in The Netherlands, featuring a large graphic and text about financial news.

Prices at 3pm, March 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock names, prices, and changes. Includes sub-sections for D D D, C C C, H H H, and M M M.



Continued on Page 47

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, Price, Change, and Volume. Includes sub-sections like 'Continued from Page 46' and 'Over-the-Counter'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, Price, Change, and Volume. Includes sub-sections like 'Over-the-Counter'.

OVER-THE-COUNTER Nasdaq national market, 3pm prices

Table of Over-the-Counter prices from the Nasdaq national market, 3pm prices. Includes columns for Stock, Price, Change, and Volume.

Advertisement for Financial Times magazine, featuring the headline 'Have your F.T. hand delivered in Norway' and contact information for Oslo (02) 684020.

Advertisement for Oslo (02) 684020, featuring contact information and a reference to Heidi Aastorp at Narvesen AS.

AMERICA

Sighs of relief as early losses pared

Wall Street

SHRUGGING OFF the lower dollar, the equity market managed to stabilise yesterday morning after opening in a distinctly bearish tone, writes Anatole Kalatsky in New York.

Reserve and the Bank of Japan, bond prices tumbled and the stage seemed to be set for another bad day all round. However, with the equity market appearing to find a floor at around 1,960 on the Dow, the bargain hunters began to come forward.

In Chicago, meanwhile, futures also began to stabilise and there was no sign of the kind of gaps emerging between futures and physical stock prices which would have given rise to bearish stock index arbitrage.

Among the individual stocks on Wall Street there were few significant price movements, given the flatness of the overall market.

SOUTH AFRICA

A THIN market left gold stocks slightly down with investors reluctant to take positions despite a firmer bullion price.

Diamond share De Beers traded ex-dividend, falling R1.50 to R28.10. Among mining houses, Anglo American fell 26 cents to R48.75 and Gencor lost R1.75 to R45.

Industrials were lethargic. Barlow Rand eased 25 cents to R19.50. Sasol held steady at R4.85 and Messina firming 20 cents to R11.20.

EUROPE

Sellers come out in force following falls on Wall St

London

CONCERN over the direction of Wall Street following its falls last week took markets lower around Europe yesterday, with investors either sidelined or taking profits after recent strong rises.

A PER-OCCUPATION with Wall Street and concern over the dollar kept leading investment funds out of the London market yesterday.

The FT-SE 100 index fell for its sixth consecutive session to close 21.4 lower at 1,746.5, having benefited from a rally on the Wall Street market.

Tokyo

INVESTORS shrugged off the yen's renewed rise against the dollar, and stopped up buying of large-capital stocks in Tokyo yesterday, sending prices soaring after three days of falls, writes Shigeo Nishiwaki of Jiji Press.

ASIA

dropping 44 to 1,280.7. But there was little evidence of selling by institutions or overseas investors.

Singapore

INSTITUTIONS stayed mainly on the sidelines, awaiting a lead from Wall Street. The Straits Times Industrial index closed 20.38 lower at 925.22, after opening sharply lower in response to Friday's fall in New York.

Australia

NERVOUSNESS about London, and New York pushed share prices down in low turnover, with the All Ordinaries index

Hong Kong

OVERSEAS institutions started selling early, to be joined by individual investors and fund managers eager to take profits, and the Hang Seng index fell 35.15 to 2,466.78.

Table with columns: NATIONAL AND REGIONAL MARKETS, FRIDAY MARCH 25 1988, THURSDAY MARCH 24 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, FRIDAY MARCH 25 1988, THURSDAY MARCH 24 1988, DOLLAR INDEX. Rows include Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan, The World Index.

Base rates: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ based), 90.791 (Grand Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987.

Securities firms prove winner in global performance stakes

A HUGE jump in the share prices of Japanese investment banks and securities firms has turned the financial services industry into the world's best performing sector during this year's unsteady recovery from the traumas of October.

Lower interest rates and falling bond yields have helped. And analysts say that securities firms and other financial institutions have also been popular because investors believe they will win new business when the savings tax-breaks on Japanese personal savings accounts are abolished at the end of this month.

Car stocks, up 18 per cent, were badly dented in the crash, suffering a 20 per cent reverse in the last quarter of 1987 as international investors dumped their most liquid and potentially most vulnerable shares.

But there was little evidence of selling by institutions or overseas investors. Transport, bank and media stocks were worst hit in industrial.

Canada

GOLDS and energy issues led a broad decline in quiet midday Toronto trading.

The composite index, which had dropped 28 points in early trading, ended 13 to 2,957.50. Declines outran advances by 381 to 216 on turnover of 9.7m shares.

Financial services firms in Japan have a weighting of 76 per cent within the world sector thanks to their huge market capitalisations.

PERFORMANCE OF MAJOR WORLD SECTORS

(percentage change in local currency terms comparing fourth quarter 1987 and first quarter 1988 to date)

Table with columns: SECTOR, IV '87, I '88. Rows include Finance/banks, Insurance, Energy, Chemicals, Electronics, etc.

Yen's rise is shrugged off as Nikkei soars

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unchanged from last week's close. Daily trading volume on the over-the-counter market dwindled to ¥850m, less than one-third of usual levels.

Yen's rise is shrugged off as Nikkei soars

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WestLB Finance N.V. Curaçao, Netherlands Antilles. Can\$ 75,000,000 9 5/8% Bonds due 1993. WESTDEUTSCHE LANDESBANK GIROZENTRALE.

Table listing various international banks and financial institutions: BADISCHE KOMMUNALE LANDESBANK, BANKERS TRUST INTERNATIONAL, BANK OF MONTREAL, etc.